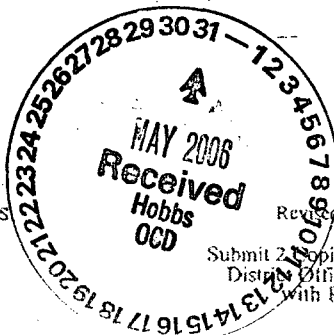


District I
1625 N. French Dr., Hobbs, NM 88240
District III
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 <u>ConocoPhillips Company</u> | Contact <u>John Abney</u> |
| Address <u>4001 Penbrook Street Odessa, TX 79762</u> | Telephone No. <u>(505)391-3128</u> |
| Facility Name <u>Phillips State E Battery 2</u> | Facility Type <u>Tank Battery</u> |

| | | |
|--|----------------------------------|-------------------------------|
| Surface Owner <u>Herschel Caviness</u> | Mineral Owner <u>State of NM</u> | Lease No. <u>BO-2229-0001</u> |
|--|----------------------------------|-------------------------------|

LOCATION OF RELEASE

| | | | | | | | | |
|-------------------------|----------------------|-----------------------------|-------------------------|--------------------------|-----------------------------|--------------------------|---------------------------|----------------------|
| Unit Letter <u>H</u> | Section <u>15</u> | Township <u>17 South</u> | Range <u>33 East</u> | Feet from the <u></u> | North/South Line <u></u> | Feet from the <u></u> | East/West Line <u></u> | County <u>Lea</u> |
|-------------------------|----------------------|-----------------------------|-------------------------|--------------------------|-----------------------------|--------------------------|---------------------------|----------------------|

Latitude 32 50.392 Longitude 103 38.831W

NATURE OF RELEASE

| | | |
|--|--|---|
| Type of Release <u>Produced Water</u> | Volume of Release <u>17 bbls</u> | Volume Recovered <u>14 bbls</u> |
| Source of Release <u>2 1/2" X 6" Nipple on Transfer line</u> | Date and Hour of Occurrence <u>3/22/06</u> | Date and Hour of Discovery <u>3/22/06 2:30p</u> |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom? <u>NA</u> | |
| By Whom? <u>NA</u> | Date and Hour <u>NA</u> | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. <u>NA</u> | |

If a Watercourse was Impacted, Describe Fully.*
NA

Describe Cause of Problem and Remedial Action Taken.*
The spill resulted when a 2 1/2" X 6" nipple on the water transfer line failed from apparent external corrosion. The nipple and approximately 30' of pipe was replaced.

Describe Area Affected and Cleanup Action Taken.*
The area affected includes 70' X 58' of the battery pad and 10' X 566' of pasture land. Approximately 14 bbls of produced water and 18 bbls of rain water was pickup with a vacuum truck. Delineation will be done to determine the necessary clean up procedures. 576 yds³ of soil was excavated and disposed of at CRT from the impacted area. Bottom samples were taken and are attached. All site activities were discussed with Paul Sheely and he approved the closure on 5/14/06.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCDD 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 NMOCDD 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, NMOCDD 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: <u>John Abney</u> | OIL CONSERVATION DIVISION | |
| Printed Name: <u>John Abney</u> | Approved by District Supervisor <u>[Signature]</u> | |
| Title: <u>SHEAR Specialist</u> | Approval Date: <u>5-12-06</u> | Expiration Date: <u>1/1/07</u> |
| E-mail Address: <u>john.h.abney@conocophillips.com</u> | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: <u>03/24/2006</u> | Phone: <u>(505)391-3128</u> | |

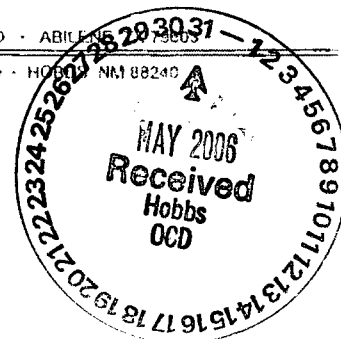
* Attach Additional Sheets If Necessary

Incident - NPAC 0609645966
Application - NPAC 0609646366
RP# 812



PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240



ANALYTICAL RESULTS FOR
BBC INTERNATIONAL
ATTN: CLIFF BRUNSON
P.O. BOX 805
HOBBS, NM 88241
FAX TO: (505) 397-0397

Receiving Date: 04/14/06
Reporting Date: 04/14/06
Project Owner: CONOCO PHILLIPS
Project Name: PHILLIPS STATE E BATTERY #2
Project Location: MALJAMAR, NM

Analysis Date: 04/14/06
Sampling Date: 04/14/06
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: HM
Analyzed By: HM

| LAB NO. | SAMPLE ID | Cl ⁻ (mg/kg) |
|-----------------------------|---------------|----------------------------|
| H11033-1 | SP1 @ 1' | 5918 |
| H11033-2 | SP2 @ 1' | 1216 |
| H11033-3 | SP3 @ 1' | 2559 |
| H11033-4 | SP4 @ 1' | 2239 |
| H11033-5 | SP5 @ 1' | 2431 |
| H11033-6 | SP6 @ SURFACE | 32 |
| H11033-7 | BKGND | 16 |
| Quality Control | | 500 |
| True Value QC | | 500 |
| % Recovery | | 100 |
| Relative Percent Difference | | 0.0 |

METHOD: Standard Methods 4500-ClB

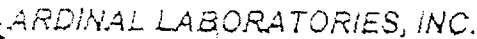
NOTE: Analyses performed on 1:4 w:v aqueous extracts.

Chemist

Date

H11033

PLEASE NOTE: Liability and Damages: Cardinal's liability and claims are excluded remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyzed. Affiliates, 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 services furnished by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Received
Habbs
OCD
MAY 2008
12345678910111213141516171819202122232425262728293031

7. Waiver of Rights. The Contractor hereby waives all claims, demands, and causes of action, including but not limited to, claims for damages, compensation, benefits, or other monetary relief, arising out of or resulting from the performance of the work under this contract, whether such claims, demands, or causes of action are known or unknown, whether such claims, demands, or causes of action are based in contract, tort, or otherwise, and whether such claims, demands, or causes of action are known or unknown at the time of the execution of this contract. This waiver shall not apply to claims for personal injury or death, or to claims for damages, compensation, benefits, or other monetary relief, arising out of or resulting from the performance of the work under this contract, which are caused by the negligence of the Contractor or its subcontractors. This waiver shall not apply to claims for damages, compensation, benefits, or other monetary relief, arising out of or resulting from the performance of the work under this contract, which are caused by the negligence of the Contractor or its subcontractors, and which are caused by the negligence of the Contractor or its subcontractors, and which are caused by the negligence of the Contractor or its subcontractors.

| | | | | | |
|------------------------------|--|--|--------------------------|--|----------------|
| Sampler Relinquished: | | Date: 4/14/06 | Received By: [Signature] | Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | Add'l Phone #: |
| [Signature] | | Time: 13:55 | | Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | Add'l Fax #: |
| Relinquished By: | | Date: 4/14/06 | Received By: (Lab Staff) | REMARKS: | |
| [Signature] | | Time: 2:00 | [Signature] | | |
| Delivered By: (Circle One) | | Sample Condition | | | |
| Sampler - UPS - Bus - Other: | | Cool Intact: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | CHECKED BY: (Initials) | |

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476.