

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 – EverQuest Energy Corporation	Contact – Terry Duffey	
Address – 10 Desta Drive, Suite 300-E, Midland, TX 79705	Telephone No. – 432-686-9790	
Facility Name – Schooner B # 3	Facility Type – Producing Well	
Surface Owner – State of New Mexico	Mineral Owner	Lease No.

LOCATION OF RELEASE

API 30.025.3794Z

Unit Letter F	Section 17	Township 16S	Range 32E	Feet from the	North/South Line	Feet from the	East/West Line	County Lea
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Latitude - 32.922506 N Longitude - 103.789272 W

WTR 250'

NATURE OF RELEASE

Type of Release - Drilling Fluids	Volume of Release	Volume Recovered
Source of Release – Compromised Pit Liner	Date and Hour of Occurrence unknown	Date and Hour of Discovery 6/11/08 7:30 AM
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.*

6/10/08 - Equipment moved on location to finish removing pit contents from the pit area. Surface field chloride tests run in excavated pit area on bottom and sidewalls

Describe Area Affected and Cleanup Action Taken.*

RP# 1883-

6/12/08 - Excavated area beneath the liner was initially delineated with a backhoe, and samples taken to Cardinal Labs. A trackhoe will be utilized to finish vertical delineation. Impacted material will be removed to an agreed upon MCL for a risk based closure. Excavated impacted material will be hauled off to an NMOCD approved disposal facility.

A 12 ml liner will be installed and original drilling pit material will be buried in place, capped with a 20 ml liner, and covered with 3' of backfill material to grade.

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.

Signature: <i>J. Brian</i> Printed Name: <i>Jerry Brian</i> Title: <i>Authorized Agent</i> E-mail Address: <i>jrbrian@everquest.net</i> Date: <i>6/24/08</i> Phone: <i>390-6149</i>	<p>OIL CONSERVATION DIVISION</p> <p>Approved by District Supervisor: <i>[Signature]</i> ENVIRONMENTAL ENGINEER</p> <p>Approval Date: <i>6-24-08</i> Expiration Date: <i>8-24-08</i></p> <p>Conditions of Approval: <i>CLEAN TO <5K - SUBMIT</i></p> <p>Attached <input type="checkbox"/> <i>1 RP# 1883</i></p>
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FINAL W/DOCUMENTATION BY