

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

RECEIVED

SEP 25 2008

HOBBS (II)

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

X Initial Report

X Final Report

Name of Company: Crownquest Operating, LLC	Contact: Doug Vaughan
Address: PO Box 53310, Midland, TX 79710	Telephone No.: 432-818-0310
Facility Name: J.M. Huber State NCT 2 No. 1 SITE 4	Facility Type: Produced Water & Oil Flowline

Surface Owner: Norman Hahn	Mineral Owner: State of New Mexico	Lease No.:
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LOCATION OF RELEASE

API NO.: 30-025-29915

Unit Letter O	Section 11	Township 14S	Range 33E	Feet from the 660'	North/South Line FSL	Feet from the 1980'	East/West Line FEL	County Lea
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Latitude _____ Longitude _____

NATURE OF RELEASE

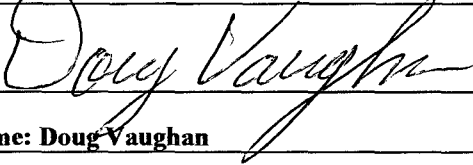
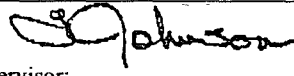
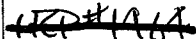
Type of Release: Produced Water, Oil, Gas	Volume of Release: Unknown but estimated approx. 20 bbls.	Volume Recovered: 18 bbls.
Source of Release: Flowline which traverses the field fatigued from the well to battery.	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 9 July 2008 1215 Hours
Was Immediate Notice Given? X Yes <input type="checkbox"/> No	If YES, To Whom? Larry Johnson	
By Whom? C. Winkler	Date and Hour: 9 July 08 Approx. 1400 Hours	
Was a Watercourse Reached? <input type="checkbox"/> Yes X 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.*
The well was shut in to cease the flow down the polyline and vacuum trucks were called to the scene. At the time, it was estimated approximately 20 bbls. had been discharged onto the rancher's property. The rancher was notified at approximately 1420 Hrs. of the situation. His response was that he was glad to be notified and only wanted it cleaned up. Once the vacuum trucks arrived and the standing fluids were removed, a backhoe began to remove the contaminated soil placing it on HDPE liner on the pad. Upon inspection of the line, 4 other areas were found which had also leaked at one time. Consequently, the entire line will be replaced. These areas were also targeted for cleanup and removal of the contaminated soil to the pad area for transport to disposal at Gandy's Disposal in Lovington. However, later infield sampling demonstrated it would be possible to place these materials in the rancher's landfarm.

Describe Area Affected and Cleanup Action Taken.*
Soil samples were taken and sent to Trace Analysis for analyticals. Continued removal of contaminated material was determined by infield and laboratory results and the areas backfilled after authorization by NMOCD. Once the polyline was replaced, the well was returned to production. Remediation of all other sites continued simultaneously. All sites were fertilized, seeded and enhanced with topsoil due to the tremendously high concentration of rocks.

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.

Signature: 	OIL CONSERVATION DIVISION	
Printed Name: Doug Vaughan	Approved by District Supervisor  ENVIRONMENTAL ENGINEER	
Title: Drilling/Production Superintendent	Approval Date: 10-3-08	Expiration Date: —
E-mail Address: dvaughan@crownquest.com	Conditions of Approval: —	Attached <input type="checkbox"/> 
Date: 22 September 2008 Phone: 432-818-0310		

* Attach Additional Sheets If Necessary

FGRL 0828058048

IRP#1966

Summary Report

Doug Vaughan
Crownquest Operating, LLC
303 Veterans Airpark Lane, Ste. 5100
P.O. Box 53310
Midland, TX, 79710

Report Date: August 14, 2008

Work Order: 8072201



Project Name: HM Huber State NCT #2

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
167703	Final Sample Composite Site 1 West Side	soil	2008-07-18	11:45	2008-07-22
167704	Final Sample Composite Site 1 East Side	soil	2008-07-18	11:50	2008-07-22

Sample - Field Code	BTEX				MTBE	TPH DRO	TPH GRO
	Benzene	Toluene	Ethylbenzene	Xylene	MTBE	DRO	GRO
	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)
167703 - Final Sample Composite Site 1 West Side	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
167704 - Final Sample Composite Site 1 East Side	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00

Sample: 167703 - Final Sample Composite Site 1 West Side

Param	Flag	Result	Units	RL
Chloride		74.2	mg/Kg	3.25

Sample: 167704 - Final Sample Composite Site 1 East Side

Param	Flag	Result	Units	RL
Chloride		76.1	mg/Kg	3.25