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District I 1625 N French Dr., Hobbs, NM 88240 •District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Bio Person Road, Artes, NM 87410 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** 

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**Oil Conservation Division** 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-141 Revised October 10, 2003

er.

JAN 167009-SA HOBBSOCD Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notificati	on 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 # 2	Facility Type – Producing Wel	1						
Surface Owner - State of New Mexico Mineral Owne	r	Lease No.						
LOCATI	ON OF RELEASE	UTE 7 150"						
Unit Letter         Section         Township         Range         Feet from the         Nor           H         17         16S         32E         5	rth/South Line Feet from the Ea	ast/West Line County Lea						
Latitude32.92260 N	<b>Longitude</b> 103.78150 W							
NATUR	E 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?	If YES, To Whom?	7.50 AW						
🗌 Yes 🖾 No 🗋 Not Require								
By Whom?	Date and Hour							
Was a Watercourse Reached?	If YES, Volume Impacting the V	Watercourse.						
· · · · · · · · · · · · · · · · · · ·								
If a Watercourse was Impacted, Describe Fully.*								
Describe Cause of Problem and Remedial Action Taken.*								
6/9/08 – Initial delineation was conducted with a backhoe, samples we	re taken and sent to Cardinal Laborato	ories for analysis						
Describe Area Affected and Cleanup Action Taken.*	· · · · · · · · · · · · · · · · · · ·							
RP# 2051-								
API # 30-025-37921 All impacted material will be removed to below acceptable MCL's and	disposed of at a disposal facility:							
A 12 ml liner will be installed and original drilling pit material will be	buried in place, capped with a 20 ml l	iner, and covered with 3' of backfill material						
to grade.								
Thereby contification in the intervention of the second constants	- 4h = h = 4 = 6 =							
I hereby certify that the information given above is true and complete to regulations all operators are required to report and/or file certain release								
public health or the environment. The acceptance of a C-141 report by	the NMOCD marked as "Final Report	rt" does not relieve the operator of liability						
should their operations have failed to adequately investigate and remed or the environment. In addition, NMOCD acceptance of a C-141 report	ate contamination that pose a threat i t does not relieve the operator of resp	to ground water, surface water, human health						
federal, state, or local laws and/or regulations.								
ABrismon behalf of	OIL CONSERVATION DIVISION							
Signature: Ever Quest Energy								
2 3 11	Approved by District Supervisor:_							
Printed Name: Jerry Bir		U Jourson						
Title: Ifuthormail Agent	Approval Date: 1.16.09	Expiration Date: 3.16.09						
E-mail Address: irbrim Queringon. net	Conditions of Approval:	Attached						
Date: 1/16/09 Phone: 390-6149	CLEAN TO LSE-S	SOBALT IRP#2051						
	FINAL C. 141 W/ Dru	wenterow By 2.16.09						

FGRL0902139096

# **EverQuest Energy Corporation**

# RECEIVED

MAR 1 1 2010 HOBBSOCD

## Site Investigation and Closure Report

Schooner B State #2 UL H, Section 17, T16S, R32E Latitude: N32.922506, Longitude: W103.789272 Lea County, NM

Report dated: March 8, 2010

Report prepared by: Terry M. Duffey 10 Desta Drive, Ste 300-E Midland, Texas 79705 432-686-9790 public@everguestenergy.com

EverQuest Energy – Schooner B State #2

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<u>Section</u>	<b>Description</b>	Page
1.0	Introduction and Background	3
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2.1	Geological	3
2.2	Soil Description	4
2.3	Area Ground Water	4
2.4	Area Water Wells	× 4
2.5	Area Surface Water	4
3.0	Work Performed	4
4.0	Closure Justification	5

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## **Attachments**

<u>Reference</u>	Description	Sampling Date
Map 1	Site Vicinity	N/A
Map 2	Site Delineation	N/A
Table 1	Initial Pit Area Analytical Report	6/6/08
Table 2	Re-Initialized Pit Area Analytical Report - chlorides	11/20/09
Table 3	Pit Area Analytical Report — chlorides, TPH, BTEX	2/12/10
Table 4	Pit Area Analytical Report - chlorides	2/15/10
Table 5	Stockpile Area Analytical Report – chlorides	2/18/10
Table 6	Stockpile Area Analytical Report – chlorides	2/19/10
Email	Closure Plan Request & Approval	Request dated: 12/16/09 Approval dated: 12/08/09
Form C-141	Initial Report	N/A
Form C-141	Final Report	N/A
Photographs	Taken during various stages of project	Available upon request

#### 1.0 Introduction and Background

The C-144 report for this well was approved on 1/8/08. The C-141 Initial Report was approved on 1/16/09. EverQuest Energy proposed a closure plan for this drilling pit that was identical to that which was used about 400 yards to the west during the summer of 2008. All the pit circumstances were similar for these two well sites. Both pits were of the same vintage. The proposed closure plan was approved via email from Larry Johnson w/ the NMOCD in Hobbs on 12/18/09.

On 6/6/08 the initial delineation was conducted with a backhoe to determine the vertical and horizontal extent of chloride impact at the site. Heavy periodic rains throughout the summer and autumn months delayed further testing as the site was too wet to get heavy earthmoving equipment into the pit area for further chloride level delineation. The soil tests were finally obtained on 11/20/09. The results of the Cardinal Lab analysis were used in the proposed site closure plan submitted and ultimately approved by Mr. Johnson in mid-December of 2009.

This final report evaluates, identifies and addresses the results of the information obtained from the initial and subsequent sub-surface delineation conducted at the pit site.

The site vicinity map, site delineation (sampling) map and laboratory analyzes are included as Attachments to this report.

#### 2.0 <u>Site Description</u>

#### 2.1 <u>Geological</u>

The site is located 5-miles northeast of Maljamar, NM in the Llano Estacado part of the High Plains section in western Lea County. See Map 1. The Llano Estacado is an isolated mesa. It is a depositional surface of low relief that slopes uniformly southeastward.

The Llano Estacado is underlain by the Ogallala aquifer which is of Tertiary age overlying older Cretaceous, Jurassic, Triassic and Permian age strata.

The Ogallala on the Llano Estacado is capped by a layer of dense caliche, ranging from a few to as much as 60-feet in thickness. At the surface the caliche is well indurated and is almost completely calcium carbonate. Below the surface it is less indurated and with increasing depth is becomes more porous and gradates into underlying sands.

The Ogallala formation ranges in thickness from a few inches to 300-feet. It contains both coarse fluvial conglomerate and sandstones and fine-grained eolian siltstone and clay. The grain size of the Ogallala clastics is controlled by the topography of the underlying mid-Tertiary erosional surface. Coarse fluvial clastics were deposited in paleo-lows, whereas the finer eolian sediments were deposited in upland areas. Eolian clastics also overlie the fluvial sediments in the paleo-lows as sand and loess sheets. The change from fluvial to eolian sedimentations probably resulted from the diversion of Ogallala streams. During Ogallala time, depositional conditions varied rapidly; the sorting power of the streams which deposited the formations fluctuated, and well-sorted sediments are inter-bedded with poorly sorted sediments. It is chiefly calcareous, unconsolidated sand, but it contains clay, silt and gravel. Some beds of well-consolidated, silica-cemented conglomeritic sandstone 1-3 feet thick also occur within the Ogallala.

#### 2.2 Soils Description

The soils in the area are of the Kimbrough-Lea complex. This complex is about 50% Kimbrough gravelly loam and 25% Lea loam, and in a few places about 40% Kimbrough and 40% Lea soils. It is 20 to 25% inclusions of Stegall, Arvana, Slaughter and Sharvana soils. The Kimbrough soil is gently sloping and is on the tops and sides of low ridges. It is very shallow over a thick bed of indurated caliche. The Lea soil is nearly level and is in swales between the ridges. The Lea soil has a dark grayish-brown to brown surface layer and a grayish-brown to brown loam subsoil. Indurated caliche is at a depth of 20-40 inches. Slopes are 0-3 percent. The vegetation consists of mid and tall grasses and shrubs. The soils in this complex are used as a range, wildlife habitat and recreational areas. They are also a source of caliche for use in construction.

#### 2.3 Area Ground Water

Based on the Chevron-Texaco ground water elevation contour map the depth to ground water is projected to be greater than (>) 150 feet below ground surface (BGS).

2.4 <u>Area Water Wells</u>

No water wells lie within 1000 feet of the site.

2.5 Area Surface Water Features

No surface water or drainage areas lie within 1000 feet of the site.

#### 3.0 Work Performed

On 6/6/08 initial delineation began with the utilization of a backhoe to determine the vertical and horizontal extent of the suspected contaminants of concern (COC): chloride concentration. A compromised plastic pit liner was the reason for the suspected contamination due to released drilling fluids (saltwater mud).

The pit area was excavated to 5-feet BGS and stockpiled immediately adjacent to the drilling reserve pit on the existing caliche drilling pad. A 5-point sampling was conducted inside the pit area as well as the four pit walls. See Map 2. The soil samples were transported under chain-of-custody protocol to Cardinal Labs in Hobbs, NM for analysis. Analytical results can be seen in Table 1. These results obviously indicated that addition excavation and soil testing at deeper levels was necessary.

Attempts to obtain deeper soil samples in the areas of concern were postponed several times from July through mid-November 2008 due to heavy rains filling the pit area which subsequently required further periods of drying. Finally on November 20, 2008 hole augering equipment was able to secure additional soil samples. Cardinal Lab chloride analysis results can be seen in Table 2. Other than the NW and SE quadrants (see Map 1) the depth to MCL of 5000 ppm was established. The results were included in an email to Mr. Larry Johnson dated December 16, 2009. EverQuest Energy requested that Mr. Johnson approve the same MCL he granted in the "twin" drilling reserve pit covered by RP# 1883 during the summer of 2008. An acknowledgment email from Mr. Johnson dated 12/18/2009 granted that MCL. A copy of this correspondence is attached to this report.

Watson Construction of Hobbs, NM was awarded the bid for excavation, removal and transportation of chloride impacted material to Gandy-Marley (G-M). They also took care of transporting and spreading the 3-feet of topsoil used to cap the pit. Akome, Inc. in Hobbs, NM installed the 12-mil and 20-mil plastic liners. Cardinal Labs (CL) in Hobbs performed all laboratory analyzes used in this report.

Pit closure/deconstruction began in mid-February 2010. Mr. Johnson OCD/Hobbs was notified via email of the commencement. Additional impacted material was removed from the NW and SE quadrants. Soil samples were analyzed at CL for chloride, BTEX and TPH 8015 concentrations – see Table 3 and 4. All impacted material that exceeded the 5000 ppl MCL was excavated and transported to G-M for disposal. Approximately 720 cu.yds. of impacted material was transported and disposed at G-M. The CL analytical results showed that all sampling points at the final level of excavation were below the acceptable MCL for chloride, TPH and BTEX – see Table 3 and 4 for results.

The 12-mil liner was installed and all stockpiled material – including the impacted material below the unlined stockpile footprint – was transferred back on top. Soil sampling at the north and south halves center points of the stockpile area (see Map 2) are shown in Table 5 and 6. Again, any impacted material above the 5000 ppm MCL was also transferred onto the new 12-mil pit liner. The 12-mil liner was then folded-up and sealed by Akome personnel. The CL analytical results showed that both sampling points at the final level of excavation were below the acceptable MCL for chloride, TPH and BTEX – see Table 5 and 6 for results.

A 20-mil plastic liner was installed over the pit area and 3 feet of clean topsoil was used to bring the grade level back to native conditions. Additional topsoil was used to bring the grade level to native conditions in the stockpile area.

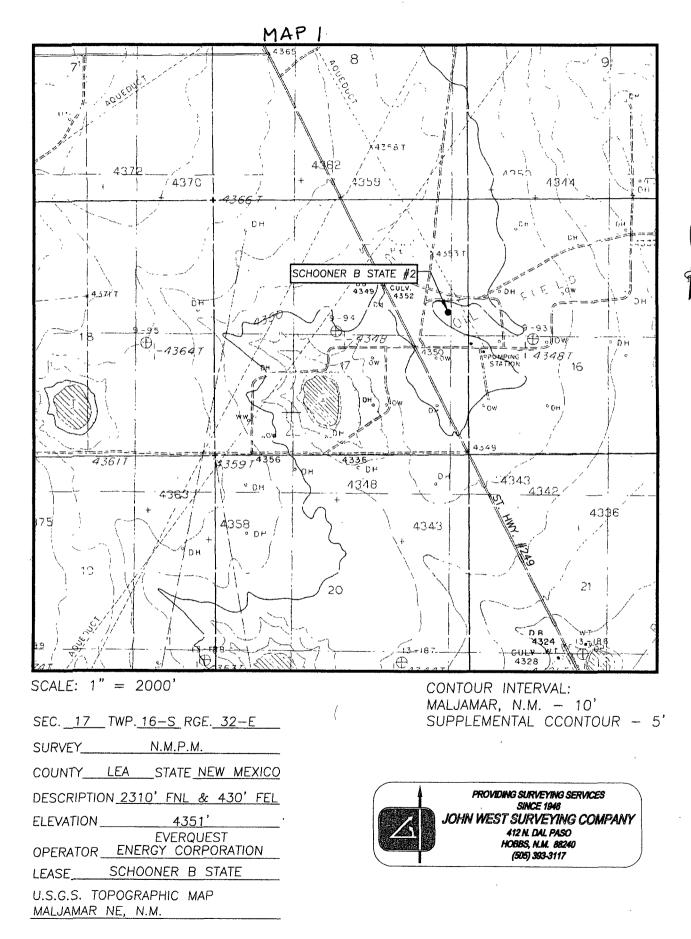
#### 4.0 Closure Justification

This report documents the successful remediation of the EverQuest Energy – Schooner B State #2 release site. Impacted soils within the affected areas were excavated to below acceptable MCL levels.

All stockpiled pit contents were buried in a totally encapsulated burial trench as per NMOCD protocol. The pit was covered with 3 feet of clean topsoil to grade as per NMOCD requirements.

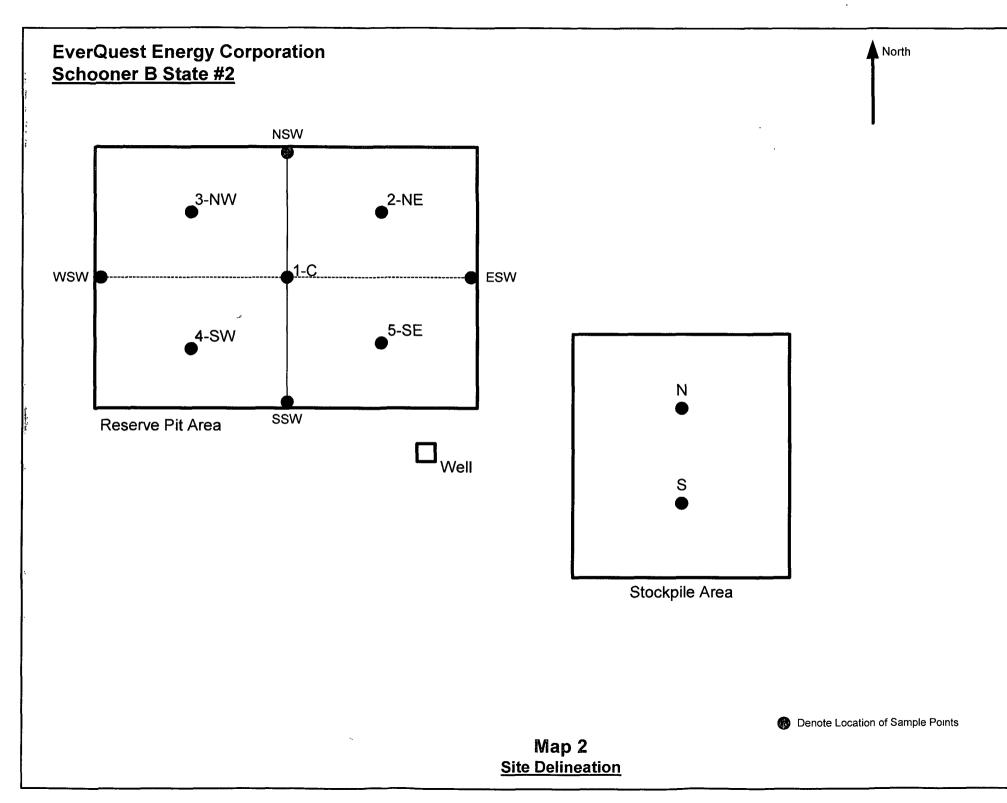
Based on the information and data presented in this report, EverQuest Energy Corporation requests that the New Mexico Oil Conservation Division require "NO FURTHER ACTION" at this site and thereby approve the accompanying Form C-141 FINAL REPORT.

# LOCATION VERIFICATION MAP



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TABLE



PHONE (575) 393-2326 . 101 E. MARLAND . HOBBS, NM 68240

ANALYTICAL RESULTS FOR BRIAN ENVIRONMENTAL SERVICES, LLC ATTN: JERRY BRIAN 622 W. STILES RD. HOBBS, NM 88242 FAX TO: (432) 682-3821

Receiving Date: 06/09/08 Reporting Date: 06/10/08 Project Owner: EVERQUEST ENERGY Project Name: NOT GIVEN SCHOON & B # 2 Project Location: LEA COUNTY, NM INITAL

SAMPLING STARTINE

Analysis Date: 06/10/08 Sampling Date: 06/06/08 Sample Type: SOIL Sample Condition: INTACT Sample Received By: HM Analyzed By: KS

JERG

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FIELD

LAB NUMBER		
CKD NUMPER	SAMPLE ID	(mg/kg)
H14952-1	SP #1 - 5' BGS	41,600
H14952-2	SP #2 - 5' BGS	26,400 -
H14952-3	SP #3 - 5 BGS	86,400 /
H14952-4	SP #4 - 5' BGS	34,000
H14952-5	SP #5 - 5' BGS	22,000 /
H14952-6	NSW - 3' BGS	128 -
H14952-7	SSW - 3' BGS	1,010 /
H14952-8	ESW - 3' BGS	54,800 /
H14952-9	WSW - 3' BGS	95,200 /
		* * • • • • • • • • • • • • • • • • • •
Quality Control		500
Quality Control True Value QC		500
AND AN A REAL PROPERTY OF A REAL		en externa prover a la consecuta sea a la ante de la c
True Value QC	t Difference	500

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

10/08

#### H14952 BRIAN ENV.

PLEASE NOTE Liability and Demages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contrast or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whether shall be deemed waived unless made in writing and received by Cardinal within thirty (3C) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interructions, loss of use or loss of profile incurred by client, its subsidiants, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal regardless of whether such claim is beadd upon any of the above-stated reasons or otherwise. Results relate only to the samples loginitized above. This report shell not be reproduced except in full with written expressed of Cardinal Laboratories. ARDINAL LABORATORIES, INC.

### CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

2111 Beachwood, Abliene, TX 79503 101 East Marland, Hobbs, NM 88240 (325) 673-7001 Fax (325) 673-7020 (505) 393-2328 Fax (555) 393-2478

	(325) 673-7001	Fax (326) 673-7020	(508	) 393-	2326	Fax	(505)	393	-247	6								P	sg	of to
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Phone: 39	0-6149	Fax #:					4	ddr	<b>48</b> 8 :											
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† Cardinal cannot accept verbal changes. Please fax written changes to (325) 673-7020.



ANALYTICAL RESULTS FOR EVERQUEST ENERGY CORPORATION ATTN: TERRY DUFFEY 10 DESTA DRIVE, STE. 300-E MIDLAND, TX 79705 FAX TO: (432) 682-3821

TABLE 2

Receiving Date: 11/30/09 Reporting Date: 12/02/09 Project Owner: NOT GIVEN Project Name: SCHOONER B #2 Project Location: LEA COUNTY, NM Analysis Date: 12/02/09 Sampling Date: 11/20/09 Sample Type: SOIL Sample Condition: INTACT @ 13.5°C Sample Received By: CK Analyzed By: HM

		Cl <sup>-</sup>			
LAB NUMBE	EI SAMPLE ID	(mg/kg)			
H18807-1	CB/2'	2,200			
H18807-2	CB/4'	4,160			
H18807-3	CB/8'	3,360			
H18807-4	WSW 7'	2,760			
H18807-5	WSW 9'	2,280			
H18807-6	1-C/7' 5r	496			
H18807-7	1-C/9'	304			
H18807-8	1-C/11'	432			
H18807-9	2-NE/7' 5f	<sup>7</sup> 2 4,280			
H18807-10	2-NE/9'	2,480			
H18807-11	2-NE/11'	2,840			
Quality Cont	rol	500			
True Value (	True Value QC				
% Recovery		100			
Relative Per	cent Difference	2.0			

METHOD: Standard Methods4500-CI'BNote: Analyses performed on 1:4 w:v aqueous extracts.

12/0/09

Date

#### H18807 Everquest

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TABLE 2

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR EVERQUEST ENERGY CORPORATION ATTN: TERRY DUFFEY 10 DESTA DRIVE, STE. 300-E MIDLAND, TX 79705 FAX TO: (432) 682-3821

Receiving Date: 11/30/09 Reporting Date: 12/02/09 Project Owner: NOT GIVEN Project Name: SCHOONER B #2 Project Location: LEA COUNTY, NM Analysis Date: 12/02/09 Sampling Date: 11/20/09 Sample Type: SOIL Sample Condition: INTACT @ 13.5°C Sample Received By: CK Analyzed By: HM

		C
LAB NUMBEI SAMPLE ID		(mg/kg)
H18807-12 3-NW/7'	SP3	25,200
H18807-13 3-NW/8'	ľ	14,200
H18807-14 3-NW/9'		17,400
H18807-15 3-NW/11'		11,400
H18807-16 4-SW/7'	SP4	400
H18807-17 4-SW/9'		224
H18807-18 4-SW/11'		96
H18807-19 5-SE/7'	-5P 5	5,440
H18807-20 5-SE/9'		1,820
H18807-21 5-SE/11'		848
H18807-22 ESW/5'		3,320
H18807-23 ESW/6'		2,000
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

METHOD: Standard Methods 4500-CI'B Note: Analyses performed on 1:4 w:v aqueous extracts.

12/02/09

Date

#### H18807 Everquest

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101 East Marland, Hobbs, NM 88240

101 East Marland, Hobbs, NM 88240	Page of 3	
$(575) 393-2326 Fax (575) 393-2476$ Company Name: $5 \sqrt{52} O(1555) - 5 \sqrt{52} O(1555)$	DUL TO	
Company Name: EVERQUEST ENERGY CORP Project Manager: TERT DUFFET	<b>BILL TO</b> P.O. #:	ANALYSIS REQUEST
	Company:	
Address: 10 DESTA DRIVE, STE 300-E		
City:         MDLAND         State:         Zip:         79705           Phone #:         432-686-9790         Fax #:         432-682-382         1	Attn:	
	Address:	
Project #: Project Owner:	City:	
Project Name: SCHOONER B #2	State: Zip:	
Project Location: LEA COUNTY, NM	Phone #:	
Sampler Name: T. DUFFE (	Fax #:	
FOR LAB USE ONLY MATRIX	PRESERV. SAMPLING	
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Lab I.D. Sample I.D.	ш́ щ	
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H-12820         (G)RAB OR (C)OMP         # CONTAINERS         # CONTAINERS         # CONTAINERS         \$Soli         OIL	OTHER ACID/BASE OTHER/COOL BMIL BLVD OTHER	
(1) $(1)$ $(2)$	11/20/09	
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3 (B 18'		
4 WSW 7'		
5 WSW 91		
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7 1-0 1.9'		
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PLEASE NOTE: Liability and Damages Cardinal's liability and client's exclusive remedy for any claim ansing whether based in contr	act or tort shall be limited to the amount hard by the client to	
analyses All claims including those for negligence and any other source whatsoever shall be deemed warved unless made in writing service in no event shall Cardinal be lizable for inculing and any other cause whatsoever shall be deemed warved unless made in writing service in no event shall Cardinal be lizable for inculental or consequential damages including without limitation, business interruptor	and received by Cardinal within 30 days after completion of I	the applicable
affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such cla		nse
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Sampler - UPS - Bus - Other:		
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† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.  $\nexists$  Uo

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101 East Marland, Hobbs, NM 88240

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	101 East Marland, Hobbs, NM 88 (575) 393-2326 Fax (575) 393-										Page	<u>Z</u> of .	3		
Company Name:	EVERQUEST ENE		CORP	BI	LL TO	T			ANAL	YSIS R	EQUE	ST		·	
Project Manager	TERET DUFF	2-1		P.O. #:	······································								<u> </u>		
Address: 10 DESTA DRIVE, STE 300-E			Company:	<											
City: MOLAND State: X Zip: 79705			Attn:												
Phone #: 432-	686-9790 Fax #: 43	2-68	2-3821	Address:											
Project #:	Project Owr	ner:		City:											
Project Name:	SCHOONSEL B #	-2		State:	Zip:	_									
Project Location	: LEA COUNTY, N	M	· · · · · · · · · · · · · · · · · · ·	Phone #:											
	T. DUFFEY			Fax #:	• · · · · · · · · · · · · · · · · · · ·										
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19	5-SE/7'		+ +			-			-						
20	5-5E/9'					2									
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TABLE N

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

Time<sup>.</sup>

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Sample Condition Cool Untact Yes Yes No No

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Project Manager: TER	RJ DUFFE	(		P.O. #:									
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City: MIDLAND	State: 1	_Zip: _	79705	Attn:									
Phone #: 432-686-6	190 Fax #: 432	68	2-3821	Address:									
Project #:	Project Owne	er:	`	City:									1
Project Name SCH OC				State:	Zip:								
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Sampler Name: T. D.			·····	Fax #:									1
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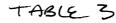
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	$\overline{\mathcal{T}}$ . $\omega$	_		Fax Result:		No	Add'l Fax #:	
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Delivered By: (Circle One)		Temp. Sample Condition	CHECKED BY:					
Sampler - UPS - Bus - Other:		13.5 C Ves Ves	(Initials)					

 $\dagger$  Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.  $\pm26$ 





PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR EVERQUEST ENERGY ATTN: TERRY DUFFEY 10 DESTA DRIVE, STE 300-EAST MIDLAND, TX 79705 FAX TO: (432) 682-3821

Receiving Date: 02/12/10 Reporting Date: 02/17/10 Project Number: NOT GIVEN Project Name: SCHOONER B #2 Project Location: LEA COUNTY, NM Sampling Date: 02/12/10 Sample Type: SOIL Sample Condition: INTACT @ 9.0°C Sample Received By: HM Analyzed By: AB/ZL/HM

ETHYL

LAB NO. SAMPLE ID

GRO DRO  $(C_{6}-C_{10})$ (mg/kg) (mg/kg)

(>C10-C28) BENZENE TOLUENE BENZENE XYLENES (mg/kg)(mg/kg)

(mg/kg)

TOTAL

(mg/kg)(mg/kg)

Cl\*

ANALYSIS DATE:	02/13/10	02/13/10	02/16/10	02/16/10	02/16/10	02/16/10	02/16/10
H19256-1 NW/12'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	2,760
H19256-2 SW/7'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	2,480
H19256-3 SE/7'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	1,260
H19256-4 WSW/7'	<10.0	<10.0	<0.050	<0.050	<0.050	0.382	6,000
H19256-5 NE/8'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	6,960
H19256-6 ESW/5'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	7,760
H19256-7 SSW/5'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	9,680
H19256-8 NSW/5'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	6,000
H19256-9 C/7'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	5,700
Quality Control	543	511	0.044	0.046	0.044	0.128	510
True Value QC	500	500	0.050	0.050	0.050	0.150	500
% Recovery	109	102	88.0	92.0	88.0	85.3	102
Relative Percent Difference	9.2	12.6	<1.0	<1.0	1.0	1.2	2.0

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B; CI-: Std. Methods 4500-CI-B \*Analyses performed on 1:4 w:v aqueous extracts. Not accredited for Chloride and GRO/DRO.

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight.

Director I ab

H19256 TBCL EVERQUEST

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	(575) 393-2326 Fax (575) 393-2476										Page_	0	r		يصناديسة							
Company Name	EVERQUESTE	ENERG	7				BI	L <b>L TO</b>	<u> </u>					AN/	ALYSI	S RI	EQUE	EST				1
Project Manage	TERRY DU	FFEC	- (-				D. #:															
Address: 10	DESTA DR'I -ADD 5 -626-9790 Fa	JE, SL	γe		300-EAST	Co	mpany:															
City: MIDU	-A-D s	State: T	Zip:	7	19705	Att	n:															
Phone #: 432-	-686-9790 Fa	ax:#: 432	-6	Bi	2-3821	Ad	dress:													ļ		
Project #:		oject Owner			·	Cit					ļ									(		
Project Name:	SCHOONER					Sta	ite:	Zip:										l		ļ		
Project Location	1: LEA COUNT	H, NN	۸			Ph	one #:					1.1										
Sampler Name:	T. DUFFEL	1				Fax	x #:				$\sim$	ō	5									
FOR LAB USE ONLY	Sample I.D.	(	(G)RAB OR (C)OMP	# CONTAINERS	GROUNDWATER WASTEWATER Soll OIL SLUDGE	OTHER	ACID/BASE ICE / COOL OTHER	SAMPL	ING	B TEX	3010147	8										TABLE
H19256-1	NW/12'	1						2/2	12 200	5												m
	SW/7'		•		\			1	1													
-3	SE/7'				~	!	, 															l w
-4	W5W/71 NE/B"						1		(													
-5	NE/B"							).														
-6	ESW/5'					<u>.</u>																
-7	55W/51				· · ·																· · · · · · · · · · · · · · · · · · ·	
-8	NSW/5'								(				<u> </u>						<u> </u>			1
	_C/7''							<u> </u>	1/		ſ		<u> </u>	-			L	ļ		ļ		l
analyses All claims includir service. In no event shall Ca	d Damages Cardinal's liability and client's e ng those for negligence and any other cause ardinal be liable for incidental or consequenta ng out of or related to the performance of ser	whatsoever shall be al damages, including	deemeo withou	d walve t limita	d unless made in writing ar	nd recei loss of	ived by Cardinal v f use, or loss of pi	within 30 days aft ofits incurred by	er completion of the client, its subsidiate	he applicab ries,	le	!	30 days	past due at		24% pera	innum fron	n the origi	nts more the		L	ł
Sampler Reling	uished: D	ate: 4 <u>2-10</u> ime: 3 <sup>(,</sup> 30	Re	ceiv	red By:				Phone Re Fax Resu REMARKS	sult: It: S:			No No	Add'l	Phone Fax #:							
Relinguished By		3 \ 30 ate:			red By:				EN	LAI		T	$\bar{\mathcal{D}}J_{\mathcal{F}}$	=F-{	4	e 8	EVE	RQ	JEST	Ten	JE,AL	y con
		ime:	-	• •					<b>.</b>						(							(
Delivered Bv: Sampler - UPS			Ten		Sample Condi Cool Intact Yes Ye			(ED BY: ials)														

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† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

TABLE 4



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR EVERQUEST ENERGY ATTN: T. DUFFEY 10 DESTA DRIVE, STE. 300 - EAST MIDLAND, TX 79705

Receiving Date: 02/19/10 Reporting Date: 02/22/10 Project Number: NOT GIVEN Project Name: SCHOONER B #2 Project Location: LEA COUNTY, M Analysis Date: 02/22/10 Sampling Date: 02/15/10 Sample Type: SOIL Sample Condition: INTACT @ 15.5°C Sample Received By: AB Analyzed By: HM

		CI <sup>-</sup>
LAB NO.	SAMPLE ID	(mg/kg)
H19305-1	NE/9	2,680
H19305-2	C/8	2,400
H19305-3	NSW/7	2,320
H19305-4	SSW/7	2,240
H19305-5	WSW/8	2,400
H19305-6	ESW/7	2,680
	· · · · · · · · · · · · · · · · · · ·	
Quality Cont	trol	500
True Value 0	QC	500
% Recovery		100
Relative Per	cent Difference	< 0.1

METHOD: Standard Methods 4500-CIB

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

Chemist

52/23/10

Date

H19305 Everquest

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 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. ARDINAL LABORATORIES 101 East Marland, Hobbs, NM 88240

101	East Ma	arland,	Hobbs,	NM	8824

(575) 393-2326 Fax (575) 393-2476		Page of
Company Name: EVERQUEST ENERGY	BILL TO	ANALYSIS REQUEST
Project Manager: T. DJFFEY	P.O. #:	
Iddress: 10 DESTA DRIVE, STE 300-EAST	Company:	
Sity:         MIDLAND         State:         74         Zip:         79705           Phone #:         432-686-9770         Fax #:         5	Attn:	
hone #: 432-686-9790 Fax #:	Address:	
Project #: Project Owner:	City:	
Project Name: SCHOONER B #Z	State: Zip:	
	Phone #:	
Project Location: LEA CTY, NM Sampler Name: T-DOFFEY	Fax #:	
FOR LAB USE ONLY MATRIX	PRESERV. SAMPLING	
Lab I.D. Sample I.D. <i>Lab I.D. Sample I.D.</i> <i>Lip305-1</i> <i>NE 9 -2 C/B</i> -3 N5W/7 -4 S5W/7 -4 S5W/7 -5 WSW/8 -6 ESW/7	OTHER OTHER ACID/BASE ACID/ACID/ACID/ACID/ACID/ACID/ACID/ACID/	
LEASE NOTE. Lability and Damages Cardina's liability and client's exclusive remedy for any claim arising whether based in contract nailyses. All claims including those for negligence and any other cause whatsoever shall be deemed waved unless made in writing an ervice in no event shall Cardinel be liable for incidental or consequental damages, including without limitation, business interruptions, filliales or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claims Sampler Relinguished: Date: / Received By:	nd received by Cardinal within 30 days after completion of the ap , loss of use, or loss of profits incurred by client, its subsidianes,	, and all costs of collections, including attorney's fees
Relinquished By: Time: 2/19//0 9:40A Date: Time: Time:	Temarks: EMA	NO Add'I Fax #: TIL: VFFE, E EVERQUESTENERLY.COM
Delivered By: (Circle One) Temp. Sample Condit Cool Intact	tion CHECKED BY:	
Sampler - UPS - Bus - Other: $\#76$ /5.5° $\bigvee$ Yes $\bigvee$ Yes	es (mitials)	

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† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

TABLE 5



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR **EVERQUEST ENERGY** ATTN: T. DUFFEY 10 DESTA DRIVE, STE. 300 - EAST MIDLAND, TX 79705

Receiving Date: 02/18/10 Reporting Date: 02/22/10 Project Number: NOT GIVEN Project Name: SCHOONER B #2 Project Location: LEA COUNTY, M

Analysis Date: 02/22/10 Sampling Date: 02/18/10 Sample Type: SOIL Sample Condition: INTACT @ 25°C Sample Received By: AB Analyzed By: HM

	CI
LAB NO. SAMPLE ID	(mg/kg)
H19298-1 S/2' BGL	6,000
H19298-2 N/2' BGL	6,000
	•
Quality Control	500
True Value QC	500
% Recovery	100
Relative Percent Difference	< 0.1

METHOD: Standard Methods 4500-CI<sup>-</sup>B

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

oz/23/10 Date

H19298 Everguest

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101 East Marland, Hobbs, NM 88240

	(575) 393-2326 Fax (575) 393-2476					Page of ANALYSIS REQUEST								
Company Name	EVERQUEST ENER	í l	BILL TO					ANALYS	SIS RE	QUEST				
Project Manage	T. DUFFEY		P.O. #:	,										
Address: 10	DESTA DRIVE, ST	E 300-EAST	Company:										•	
City: MID	ALD State: TK	Zip: 79705	Attn:											
Phone #: 432	-686-9790 Fax #:		Address:			ľ								
Project #:	Project Owner		City:	•								•		
Project Name:	SCHOONER B #	7	State: Zip:											
Project Location	1: LEA COUNTY, NO	<u> </u>	Phone #:											
Sampler Name:	Impler Name: T. DJFFEN				N									
FOR LAB USE ONLY Lab 1.D. H19298-1 - 2	Sample I.D. $\leq /2'$ Back >/2' Back	(G)RAB OR (C)OMP.       # CONTAINERS       # CONTAINERS <td></td> <td>TIME</td> <td>BOID X X</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>		TIME	BOID X X									
analyses All claims includi service in no event shall C affiliates or successors arisi	In Damages Cardinal's liability and client's exclusive remedy for a og those for negligence and any other cause whatsoever shall be ardinal be liable for incidental or consequental damages, includin ng out of or related to the performance of services hereunder by (	deemed waived unless made in writing an 9 without limitation business interruptions, Cardinal, regardless of whether such claim	id received by Cardinal within 30 days after loss of use, or loss of profits incurred by	er completion of th client, its subsidiar	ie applicable ies,	,,,,	30 days j	nd Conditions: Inte past due at the rate pasts of collections, is	of 24% per and	num from the ong				
Sampler Reling	uished: Date: Z//B//D	Received By:		Phone Re Fax Resul			No No	Add'l Phon Add'l Fax #						
me	$\frac{\frac{2}{B}}{100}$	1-(15	1	REMARKS	•									
Relinquished B	y: Date:	Received By:	A	EMF	+1C	RESI	JUT	S						
	Time:	- C		l	TD	UFF	210	e EVER	RUES	STENE	2art	. CO	m	
Delivered By	: (Circle One)	Temp. Sample Condit					(				- •			
Sampler - UPS	- Bus - Other: # 26	Cool Intact Z5.0 <sup>ª</sup> ☐ Yes ⊠ Yes ⊠ No □ N	es AB										1	
† Cardinal	cannot accept verbal changes. Pleas	<b>6</b>		1.										

TABLE η

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PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR EVERQUEST ENERGY ATTN: T. DUFFEY 10 DESTA DRIVE, STE. 300 - E MIDLAND, TX 79705

Receiving Date: 03/03/10 Reporting Date: 03/05/10 Project Number: NOT GIVEN Project Name: SCHOONER B #2 Project Location: LEA COUNTY, M Analysis Date: 03/05/10 Sampling Date: 02/19/10 Sample Type: SOIL Sample Condition: INTACT @ 19.5°C Sample Received By: JH Analyzed By: HM

		CI
LAB NO.	SAMPLE ID	(mg/kg
H19366-1	S/3'	2,12
H19366-2	S/4'	3,24
H19366-3	N/3'	2,28
H19366-4	N/4 <sup>7</sup>	3,44
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Quality Cor	trol	50
Quality Cor True Value		
	QC	50 50 10

METHOD: Standard Methods Note: Analyses performed on 1:4 w:v aqueous extracts.

Chemist

Date

H19366 Everquest

PLEASE NOTE Liability and Damages. Cardinal's lability and client's exclusive remedy for any claim ansing, 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 writin 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 subsidiant affiliates or successors ansing out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Result relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratones. ARDINAL LABORATORIES

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#### (575) 393-2326 Fax (575) 393-2476

Page\_\_\_\_of\_\_\_

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Company Name: ENERROJEST ENERGY	NE: EVERQUEST ENERGY BILL TO					AN	IALYS	SIS R	EQU	EST			]
Project Manager: T. DUFFEY		P.O. #: ON FIL	E								Ι		
Address: 10 DESTA DRIVE, STE 30	x0-E /-	Сотрапу:				-			ļ				
City: MIDLAND State: TX		Attn:				*****							
Phone #: 432-686-9790 Fax #:		Address:				,							
Project #: Project Owner		City:		17									
Project Name: SCHOONER B #2		State: Zip:											
Project Location: LEA COUNTY, NM		Phone #:	~ ~ ~										
Sampler Name: TMD		Fax #:		N		-							
FOR LABUSE CNLY Lab I.D. Sample I.D. H 19.366-1 $5/3'$ -2 5/4' -3 N/3' -4 N/4'	Image: Control of the control of t			X XXX CHLOZIDE									
PLEASE NOTE: Lability and Damages, Cardinal's liability and client a exclusive remedy for a analyses. All claims including those for negligence and any other cause whatsoever shall be.						Terms and Con-							
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Sampler Relinquished: Date:	Received By:		Phone Re Fax Resu	sult: 🛛			'l Phon 'l Fax #					~~~~ `	
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Delivered By: (Circle Øne) 3/3/10	Temp. Sample Condit Cool Intact		~										
Sampler - UPS - Bus - Other: 10:50	19.5° TYOS BY	s JA											
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### **Terry Duffey**

From: Sent: To: Subject: Johnson, Larry, EMNRD [larry.johnson@state.nm.us] Friday, December 18, 2009 9:31 AM Terry Duffey RE: Schooner B #2 - RP#2051

Received - proceed as requested. Larry

From: Terry Duffey [mailto:tduffey@everquestenergy.com]
Sent: Wednesday, December 16, 2009 10:27 AM
To: Johnson, Larry, EMNRD
Subject: Schooner B #2 - RP#2051

# Double-checking to make sure you received this last week. We don't want to proceed ahead without your acknowledgement and approval...

Since our meeting on July 16<sup>th</sup>, we were delayed getting additional soil samples from this open drilling reserve pit. It may not rain too often in SE New Mexico but every time we arranged for sampling heavy rains filled the pit and we had to await for it to dry-out again. This same sequence was repeated throughout the summer/autumn. Finally, last week we were able to get into the pit with heavy equipment to get the samples.

Please recall that Jerry Brian assisted us in getting the twin pit (Schooner B #3-located 400 yards to the west) closed during the summer of 2008. We hope to close this RP#2051 using the EXACT same plan whereby we remove impacted material exceeding the acceptable chloride MCL of 5000 ppm in the pit bottom and sidewalls. Thereafter a 12 ml liner will be installed and the original drilling pit material well be buried in place, capped with a 20 ml liner, covered with 3' of backfill material and graded to natural surface contour.

The MCL of 5000 ppm was approved by you in the case of the Schooner B #3 pit last year. Useable water in the area is below 150 feet from surface. Furthermore, the Schooner B #2 pit is immediately <u>adjacent to a drilling pit that was closed</u> by the original operator of the Mesa Queen Unit (MQU) over 30-years ago. We tested the soil in that area (denoted as "CB" ["control base"] in the Cardinal Laboratory analytical report. Note that those readings for 2', 4' and 8' BGL are 2200, 4160 and 3360 ppm respectively. We think this fact of already-impacted background chloride levels helps justify the higher MCL of 5000 ppm in our case. Freshwater wells in the vicinity have never shown any adverse affects from the numerous drilling pits dug and closed during the course of drilling the 30+ wells comprising the MQU in the distant past. The deepness of freshwater and the hard-pan nature of the caliche-based near surface soils certainly contribute to protecting freshwater in the area of interest.

The subject pit has already been excavated to 5' BGL – the removed material is stock-piled on the well site. As you can see from the analytical report, we will have to remove 2 additional feet of impacted soil from the SE quadrant. Additionally will have to remove at least 6 more feet from the NW quadrant plus whatever more to get to the 5000 MCL level. We will take those samples below 11' BGL and forward them to you at the time.

As we did in the aforementioned twin pit we will move the existing stockpiled soil back into a 12ml-lined pit bottom where it will be encapsulated. We will test the soils below the stockpiled area and dispose of any material above the MCL 5000 ppm. Those soil sample analyticals will be sent to you also.

The following documents are included in the attachment:

- Cardinal Laboratories Soil Sample Analytical Report dtd 12-2-09
- Form C-141 Initial Schooner B #2
- Form C-141 Final Schooner B #3

(OVER)-

District 1 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesta, NM 88210 District II 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

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State of Der Norico
Energy Mineralstand Natural Resources
Oil Conscipation Division
Santa Fc, NM 87505

# RECEIVED

JAN 16 7114	Form C-141 Revised October 10, 2003
HOBBSOCD	ubm t 2 Copies to appropriate District Office in accordance with Rule 116 on back

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Santa F	e, NM 87505		side of form	
Release Notificatio	n and Corrective A	ction		
	OPERATOR		lial Report 📋 Final Report	
Name of Company – EverQuest Energy Corporation	Contact - Terry Duffey			
Address - 10 Desta Drive, Suite 300-E, Midland, TX 79705	Telephone No 432-686-9			
Facility Name – Schooner B # 2	Facility Type - Producing V	Vell		
Surface Owner - State of New Mexico Mineral Owner		Lease	No.	
	N OF RELEASE		UTE > 150'	
	VSouth Line Feet from the	East/West Line		
Latitude - 32.92260 N	Longitude - 103.78150	W		
	OF RELEASE		4.99L397-	
Type of Release - Drilling Fluids	Volume of Release	Volume	Recovered	
Source of Release - Compromised Pit Liner	Date and Hour of Occurrenc		Date and Hour of Discovery 6/11/08	
	unknown	7:30 AN	1	
Was Immediate Notice Given?	If YES, To Whom?			
By Whom?	Date and Hour			
Was a Watercourse Reached?	If YES, Volume Impacting the Watercourse.			
			ر من من م	
If a Watercourse was Impacted, Describe Fully.*	1			
Describe Cause of Problem and Remedial Action Taken.*	***************************************		· · · · · · · · · · · · · · · · · · ·	
/ 6/9/08 - Initial defineation was conducted with a backhoe, samples were	taken and sent to Cardinal Laho	ratories for analy	cie	
Describe Area Affected and Cleanup Action Taken.*		ratorica for unary	5.5	
RP# 2051-				
API # 30-025-37921	Concerned of one dispessed facilities			
All impacted material will be removed to below acceptable MCL's and disposed of at a 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				
regulations all operators are required to report and/or file certain release to public health or the environment. The acceptance of a C-141 report by the				
should their operations have failed to adequately investigate and remedia				
or the environment. In addition, NMOCD acceptance of a C-141 report of				
federal state or local laws and/or regulations.				
-fision at source of	<u>OIL CON</u>	SERVATION	DIVISION	
Signature: Even Givest Enongy	ENVIRO	ELGR-		
Printed Name: Second Brillion	Approved by District Supervise	TILL T	lusa	
little: 1 the Million march and and	Approval Data: 1.16.09	Expiration	Date: 3.16.09	
E-mail Address Jobin Corrigon. et	Conditions of Approval:		Anached	
Date: 1/14/09 Phone 370-6149	CLEAN TO KSE.	SUDMIT	1RP#2051	
·	FINAL C.141 W/ DO		DN 84 3.16.09	