

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

Form C-141
Revised October 10, 2003

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

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

30-039-23886

OPERATOR

Initial Report Final Report

| | |
|---|------------------------------------|
| Name of Company: Enervest Operating LLC | Contact: Lee Gardner |
| Address: 2700 Farmington Ave Bldg K Suite 1 Farmington NM 87401 | Telephone No.: 505-325-0318 |
| Facility Name: Apache 127-154 | Facility Type: Gas production well |

| | | |
|--|--|-------------------------|
| Surface Owner: Jicarilla Apache Nation | Mineral Owner: Jicarilla Apache Nation | Lease No. Jicarilla 127 |
|--|--|-------------------------|

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|--------------|-----------------|-------------|----------------------|---------------------------|-----------------------|------------------------|----------------------|
| Unit Letter O | Section 3 | Township 24N | Range 4W | Feet from the 990 | North/South Line South | Feet from the 2310 | East/West Line East | County Rio Arriba |
|------------------|--------------|-----------------|-------------|----------------------|---------------------------|-----------------------|------------------------|----------------------|

Latitude N 36.20.08 Longitude W 107.14.63

NATURE OF RELEASE

| | | |
|--|---|---|
| Type of Release Oil Release | Volume of Release 265 BBL | Volume Recovered 150 BBL |
| Source of Release Frozen oil valve on 400 bbl storage tank | Date and Hour of Occurrence 1-2-2013, Hr Unknown | Date and Hour of Discovery 16:00 HR 1-2-2013 |
| Was Immediate Notice Given? Required X <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not | If YES, To Whom? Brandon Powell, | |
| By Whom? Lee Gardner - Sr. HSE Specialist | Date and Hour 11:00 HR 1-3-2013 | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes X <input type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | |
| If a Watercourse was Impacted, Describe Fully.* Not Applicable | | RCVD JUL 11 '13 OIL CONS. DIV. DIST. 3 |

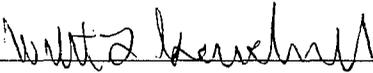
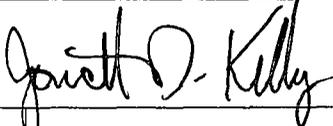
Describe Cause of Problem and Remedial Action Taken.* Valve on oil storage tank froze and broke

Describe Area Affected and Cleanup Action Taken.*

Approximately 265 BBL of oil were released into the spill containment area. The liquid flowed through animal borrows and breached the containment wall. Due to the subfreezing temperatures, the oil traveled approximately 20 yards off site before gelling. The gelled oil outside of the containment wall was collected for disposal. Approximately 150 BBL of gelled oil was collected from inside of the containment wall by heated with hot water. The extent of the oil penetration into the soil inside the containment wall is not known. Enervest Operating has requested permission from the Jicarilla Tribe to suspend further clean up activates until warmer weather.

UPDATE 7-8-2013: Approximately 1100 cubic yards of contaminated soil was excavated and hauled to T-N-T land farm for disposal. Clean back fill was obtained from a nearby dry pond. The two 400 BBL storage tanks were removed from service and inspected. The oil tank was replaced with a new tank. The water tank was returned to service. Attached is a copy of the five point composite soil sample that was utilized to verify clean up.

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.

| | |
|--|--|
| OIL CONSERVATION DIVISION | |
| Signature:  | Approved by District Supervisor:  |
| Printed Name: Wilbert L Gardner | Approval Date: 7/11/2013 Expiration Date: |
| Title: Sr. HSE Specialist | Conditions of Approval: Attached <input type="checkbox"/> |
| E-mail Address: wgardner@enervest.net | |
| Date 7-8-2013 Phone: 505-325-0318 ext 13 | |

* Attach Additional Sheets If Necessary

nJK1319255434



Analytical Report

Report Summary

Client: Enervest Operating
Chain Of Custody Number: 14573
Samples Received: 4/17/2013 4:57:00PM
Job Number: 05123-0002
Work Order: P304055
Project Name/Location: Apache 154

Entire Report Reviewed By:

A handwritten signature in black ink, appearing to read 'Tim Cain', is written over a horizontal line.

Date: 4/23/13

Tim Cain, Laboratory Manager

The results in this report apply to the samples submitted to Envirotech's Analytical Laboratory and were analyzed in accordance with the chain of custody document supplied by you, the client, and as such are for your exclusive use only. The results in this report are based on the sample as received unless otherwise noted. Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc. If you have any questions regarding this analytical report, please don't hesitate to contact Envirotech's Laboratory Staff.

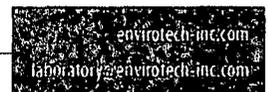


| | | |
|--|--|-------------------------------------|
| Enervest Operating 2700 Farmington Ave. Farmington NM, 87401 | Project Name: Apache 154 Project Number: 05123-0002 Project Manager: W Gardner | Reported: 23-Apr-13 10:14 |
|--|--|-------------------------------------|

Analytical Report for Samples

| Client Sample ID | Lab Sample ID | Matrix | Sampled | Received | Container |
|------------------|---------------|--------|----------|----------|------------------|
| Apache 154 PIT | P304055-01A | Soil | 04/17/13 | 04/17/13 | Glass Jar, 4 oz. |

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| | | |
|--|--|-------------------------------------|
| Enervest Operating 2700 Farmington Ave. Farmington NM, 87401 | Project Name: Apache 154 Project Number: 05123-0002 Project Manager: W Gardner | Reported: 23-Apr-13 10:14 |
|--|--|-------------------------------------|

**Apache 154 PIT
P304055-01 (Solid)**

| Analyte | Result | Reporting | | Units | Dilution | Batch | Prepared | Analyzed | Method | Notes |
|---------|--------|-----------|--|-------|----------|-------|----------|----------|--------|-------|
| | | Limit | | | | | | | | |

Volatile Organics by EPA 8021

| | | | | | | | | | |
|---------------------------------------|----|-------|------|--------|---------|-----------|-----------|-----------|--|
| Benzene | ND | 50.0 | ug/L | 1 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |
| Toluene | ND | 50.0 | ug/L | 1 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |
| Ethylbenzene | ND | 50.0 | ug/L | 1 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |
| p,m-Xylene | ND | 50.0 | ug/L | 1 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |
| o-Xylene | ND | 50.0 | ug/L | 1 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |
| Total BTEX | ND | 50.0 | ug/L | 1 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |
| <i>Surrogate: Bromochlorobenzene</i> | | 101 % | | 80-120 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |
| <i>Surrogate: 1,4-Difluorobenzene</i> | | 107 % | | 80-120 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |
| <i>Surrogate: Fluorobenzene</i> | | 106 % | | 80-120 | 1316031 | 19-Apr-13 | 22-Apr-13 | EPA 8021B | |

Nonhalogenated Organics by 8015

| | | | | | | | | | |
|----------------------------------|----|------|-------|---|---------|-----------|-----------|-----------|--|
| Gasoline Range Organics (C6-C10) | ND | 5.00 | mg/kg | 1 | 1316023 | 18-Apr-13 | 19-Apr-13 | EPA 8015D | |
| Diesel Range Organics (C10-C28) | ND | 5.00 | mg/kg | 1 | 1316023 | 18-Apr-13 | 19-Apr-13 | EPA 8015D | |
| GRO and DRO Combined Fractions | ND | 5.00 | mg/kg | 1 | 1316023 | 18-Apr-13 | 19-Apr-13 | EPA 8015D | |

Cation/Anion Analysis

| | | | | | | | | | |
|----------|------|------|-------|---|---------|-----------|-----------|-----------|--|
| Chloride | 10.3 | 9.99 | mg/kg | 1 | 1316030 | 19-Apr-13 | 19-Apr-13 | EPA 300.0 | |
|----------|------|------|-------|---|---------|-----------|-----------|-----------|--|

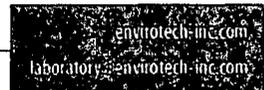
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| | | |
|--|--|------------------------------|
| Enervest Operating 2700 Farmington Ave. Farmington NM, 87401 | Project Name: Apache 154 Project Number: 05123-0002 Project Manager: W Gardner | Reported: 23-Apr-13 10:14 |
|--|--|------------------------------|

Volatile Organics by EPA 8021 - Quality Control

Envirotech Analytical Laboratory

| Analyte | Result | Reporting Limit | Units | Spike Level | Source Result | %REC %REC | Limit | RPD | RPD Limit | Notes |
|---------|--------|-----------------|-------|-------------|---------------|-----------|-------|-----|-----------|-------|
|---------|--------|-----------------|-------|-------------|---------------|-----------|-------|-----|-----------|-------|

Batch 1316031 - Purge and Trap EPA 5030A

| Blank (1316031-BLK1) | | | Prepared: 19-Apr-13 Analyzed: 22-Apr-13 | | | | | | | |
|--------------------------------|------|------|---|------|--|------|--------|--|--|--|
| Benzene | ND | 50.0 | ug/L | | | | | | | |
| Toluene | ND | 50.0 | " | | | | | | | |
| Ethylbenzene | ND | 50.0 | " | | | | | | | |
| p,m-Xylene | ND | 50.0 | " | | | | | | | |
| o-Xylene | ND | 50.0 | " | | | | | | | |
| Total BTEX | ND | 50.0 | " | | | | | | | |
| Surrogate: Bromochlorobenzene | 45.2 | | " | 50.0 | | 90.4 | 80-120 | | | |
| Surrogate: 1,4-Difluorobenzene | 50.7 | | " | 50.0 | | 101 | 80-120 | | | |
| Surrogate: Fluorobenzene | 49.9 | | " | 50.0 | | 99.8 | 80-120 | | | |

| Duplicate (1316031-DUP1) | | | Source: P304055-01 Prepared: 19-Apr-13 Analyzed: 22-Apr-13 | | | | | | | |
|--------------------------------|------|------|--|------|----|-----|--------|--|--|----|
| Benzene | ND | 50.0 | ug/L | | ND | | | | | 30 |
| Toluene | ND | 50.0 | " | | ND | | | | | 30 |
| Ethylbenzene | ND | 50.0 | " | | ND | | | | | 30 |
| p,m-Xylene | ND | 50.0 | " | | ND | | | | | 30 |
| o-Xylene | ND | 50.0 | " | | ND | | | | | 30 |
| Surrogate: Bromochlorobenzene | 53.3 | | " | 50.0 | | 107 | 80-120 | | | |
| Surrogate: 1,4-Difluorobenzene | 54.8 | | " | 50.0 | | 110 | 80-120 | | | |
| Surrogate: Fluorobenzene | 54.1 | | " | 50.0 | | 108 | 80-120 | | | |

| Matrix Spike (1316031-MS1) | | | Source: P304055-01 Prepared: 19-Apr-13 Analyzed: 22-Apr-13 | | | | | | | |
|--------------------------------|------|------|--|------|----|------|--------|--|--|--|
| Benzene | 971 | 20.0 | ug/L | 1000 | ND | 97.1 | 39-150 | | | |
| Toluene | 974 | 20.0 | " | 1000 | ND | 97.4 | 46-148 | | | |
| Ethylbenzene | 968 | 20.0 | " | 1000 | ND | 96.8 | 32-160 | | | |
| p,m-Xylene | 1930 | 20.0 | " | 2000 | ND | 96.5 | 46-148 | | | |
| o-Xylene | 964 | 20.0 | " | 1000 | ND | 96.4 | 46-148 | | | |
| Surrogate: Bromochlorobenzene | 51.2 | | " | 50.0 | | 102 | 80-120 | | | |
| Surrogate: 1,4-Difluorobenzene | 52.2 | | " | 50.0 | | 104 | 80-120 | | | |
| Surrogate: Fluorobenzene | 51.8 | | " | 50.0 | | 104 | 80-120 | | | |

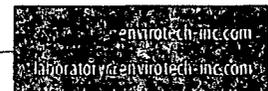
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| | | |
|--|--|------------------------------|
| Enervest Operating 2700 Farmington Ave. Farmington NM, 87401 | Project Name: Apache 154 Project Number: 05123-0002 Project Manager: W Gardner | Reported: 23-Apr-13 10:14 |
|--|--|------------------------------|

Nonhalogenated Organics by 8015 - Quality Control

Envirotech Analytical Laboratory

| Analyte | Result | Reporting Limit | Units | Spike Level | Source Result | %REC | %REC Limits | RPD | RPD Limit | Notes |
|---------|--------|-----------------|-------|-------------|---------------|------|-------------|-----|-----------|-------|
|---------|--------|-----------------|-------|-------------|---------------|------|-------------|-----|-----------|-------|

Batch 1316023 - GRO/DRO Extraction EPA 3550C

| Blank (1316023-BLK1) | | Prepared: 18-Apr-13 Analyzed: 19-Apr-13 | | | | | | | | |
|-----------------------------------|-----|---|-------|---|----|------|--------|--|----|--|
| Gasoline Range Organics (C6-C10) | ND | 5.00 | mg/kg | | | | | | | |
| Diesel Range Organics (C10-C28) | ND | 5.00 | " | | | | | | | |
| GRO and DRO Combined Fractions | ND | 5.00 | " | | | | | | | |
| Duplicate (1316023-DUP1) | | Source: P304055-01 | | Prepared: 18-Apr-13 Analyzed: 19-Apr-13 | | | | | | |
| Gasoline Range Organics (C6-C10) | ND | 4.98 | mg/kg | | ND | | | | 30 | |
| Diesel Range Organics (C10-C28) | ND | 4.98 | " | | ND | | | | 30 | |
| Matrix Spike (1316023-MS1) | | Source: P304055-01 | | Prepared: 18-Apr-13 Analyzed: 19-Apr-13 | | | | | | |
| Gasoline Range Organics (C6-C10) | 262 | 5.26 | mg/kg | 263 | ND | 99.4 | 75-125 | | | |
| Diesel Range Organics (C10-C28) | 256 | 5.26 | " | 263 | ND | 97.3 | 75-125 | | | |

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| | | |
|--|--|------------------------------|
| Enervest Operating 2700 Farmington Ave. Farmington NM, 87401 | Project Name: Apache 154 Project Number: 05123-0002 Project Manager: W Gardner | Reported: 23-Apr-13 10:14 |
|--|--|------------------------------|

Cation/Anion Analysis - Quality Control
Envirotech Analytical Laboratory

| Analyte | Result | Reporting Limit | Units | Spike Level | Source Result | %REC | %REC Limits | RPD | RPD Limit | Notes |
|---------|--------|-----------------|-------|-------------|---------------|------|-------------|-----|-----------|-------|
|---------|--------|-----------------|-------|-------------|---------------|------|-------------|-----|-----------|-------|

Batch 1316030 - Anion Extraction EPA 300.0

| | | | | | | | | | | |
|---------------------------------|----|--------------------------------|-------|--------------------------------|------|--|--|--|----|--|
| Blank (1316030-BLK1) | | Prepared & Analyzed: 19-Apr-13 | | | | | | | | |
| Chloride | ND | 10.0 | mg/kg | | | | | | | |
| Duplicate (1316030-DUP1) | | Source: P304055-01 | | Prepared & Analyzed: 19-Apr-13 | | | | | | |
| Chloride | ND | 9.99 | mg/kg | | 10.3 | | | | 30 | |

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Enervest Operating
2700 Farmington Ave.
Farmington NM, 87401

Project Name: Apache 154
Project Number: 05123-0002
Project Manager: W Gardner

Reported:
23-Apr-13 10:14

Notes and Definitions

DET Analyte DETECTED
ND Analyte NOT DETECTED at or above the reporting limit
NR Not Reported
dry Sample results reported on a dry weight basis
RPD Relative Percent Difference

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CHAIN OF CUSTODY RECORD

14573

| | | | | | | | | | | | | | | | |
|--|--|---|--|-----------------------|--------------------|-------------------|---------------|----------------|-----|---------------|----------------|-------------|----------|-------------|---------------|
| Client: ENERVEST | | Project Name / Location: APACHE 154 | | ANALYSIS / PARAMETERS | | | | | | | | | | | |
| Email results to: W.GARDNER@ENERVEST | | Sampler Name: L GARDNER | | TPH (Method 8015) | BTEX (Method 8021) | VOC (Method 8260) | RCRA 8 Metals | Cation / Anion | RCI | TCLP with H/P | CO Table 910-1 | TPH (418.1) | CHLORIDE | Sample Cool | Sample Intact |
| Client Phone No.: 505-320-7924 | | Client No.: 05123-0002 | | | | | | | | | | | | | |

| Sample No./ Identification | Sample Date | Sample Time | Lab No. | No./Volume of Containers | Preservative | | | TPH (Method 8015) | BTEX (Method 8021) | VOC (Method 8260) | RCRA 8 Metals | Cation / Anion | RCI | TCLP with H/P | CO Table 910-1 | TPH (418.1) | CHLORIDE | Sample Cool | Sample Intact | |
|----------------------------|-------------|-------------|------------|--------------------------|-------------------|-----|--|-------------------|--------------------|-------------------|---------------|----------------|-----|---------------|----------------|-------------|----------|-------------|---------------|---|
| | | | | | HgCl ₂ | HCl | | | | | | | | | | | | | | |
| APACHE 154 PIT | 4/17/13 | 1515 | P304055-01 | 1/4oz | | | | X | X | | | | | | | | X | | Y | Y |
| | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | |
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| | | | | | |
|--|------|------|--|------|------|
| Relinquished by: (Signature) <i>[Signature]</i> | Date | Time | Received by: (Signature) <i>[Signature]</i> | Date | Time |
| Relinquished by: (Signature) | | | Received by: (Signature) | | |

Sample Matrix
 Soil Solid Sludge Aqueous Other

Sample(s) dropped off after hours to secure drop off area.



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