

Mr. Doug Vaughan
Drilling/Production Superintendent
CROWNQUEST OPERATING, LLC
PO Box 53310
Midland, TX 79710

Will file
COPY
5/16/08
nmc

11 April 2008

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APR 14 2008

HOBBS OCD

Mr. Larry Johnson
OIL CONSERVATION DIVISION
1625 N. French Drive
Hobbs, NM 88240

Re: **Federal 20 No. 5 SWD** Suspected Pipeline Spill *Final Remediation Report*
Produced Water Flowline Located in Off Lease Area (NW Sec. 27 T13S R33E)
Lea County, New Mexico

Dear Mr. Johnson:

On 12 March 2008 CrownQuest Operating, LLC (CrownQuest) submitted its *Corrective Action Plan*, Initial C-141 and baseline information to the New Mexico Oil Conservation Division (NMOCD) addressing the extent to which a then suspected spill came from the produced water flowline which traverses the area from the Federal 20 No. 5 SWD carrying produced water across the ranch property (depth to groundwater 65' to 75') as the potential source of the relatively small area of contaminated soil discovered in late February 2008.

Subsequently, samples have been taken as directed by NMOCD to delineate the contaminate levels of this spill. Initially chlorides were 13,900 mg/K for the north half of the disturbed area and 12,000 mg/K for the south half. Following this sampling event, approximately an additional 100 yards were removed to depths ranging from .5' to 1.5' and were then hauled to disposal. Severely rocky conditions, however, dominated the area making removal of the contaminated material difficult.

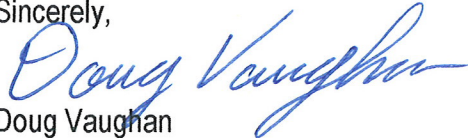
Once the additional contaminated material had been removed, new samples were taken on 4 April 2008 and tested for TPH DRO/GRO and chlorides. The attached Trace Analysis laboratory analytical results show TPH DRO/GRO as non-detect and chlorides at 446 mg/K on the north half and 368 mg/K on the south half. Subsequently, NMOCD was notified and CrownQuest obtained permission to backfill the area.

Currently CrownQuest is in the process of obtaining the desired seed mixture from the rancher prior to seeding the project area. In this way, it will be consistent with the rest of the property and feeding desires for livestock. NMOCD will be notified once this is obtained and seeding completed.

Should you have questions please call 432-894-5889 (cell) or 432-818-0300 (office) or contact our infield environmental representative, Cheryl Winkler at 406-431-2528 (cell).

Thank you for your consideration and assistance with our project.

Sincerely,



Doug Vaughan
Drilling/Production Superintendent

Enclosed: Laboratory analyticals, Initial Form C-141 (copy), Final C-141

COPY

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

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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: Crownquest Operating, LLC	Contact: Doug Vaughan
Address: PO Box 53310, Midland, TX 79710	Telephone No.: 432-818-0310
Facility Name: Federal 20 No. 5 SWD	Facility Type: Produced Water Flowline

Surface Owner: Norman Hahn	Mineral Owner: State of New Mexico	Lease No.: N/A off lease area
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LOCATION OF RELEASE

Unit Letter NW	Section 27	Township 13	Range 33E	Feet from the NA	North/South Line NA	Feet from the NA	East/West Line NA	County Lea
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Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release: Produced Water	Volume of Release: Unknown	Volume Recovered: None
Source of Release: Punctured line	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 22 February 2008 at 1700 Hours
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? Larry Johnson	
By Whom? C. Winkler	Date and Hour: 3 March 08 Approx. 1300 Hours	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.*

In order to determine if there was a problem, it was necessary to pull samples and send them to the lab for analysis. There was no odor to this spill and probably it occurred long before Crownquest took over the property. There were some grasses still growing on it but Crownquest decided to check it out. The location of the spill is out in the middle of a pasture far from any facilities or roads. Laboratory results (attached) show there are some salts present. Consequently, approximately 30 tons were removed from the surface and hauled to disposal. Samples need to be taken again to determine if the problem still exists or if it will meet regulatory standards. There were no TPH indicators resulting from the infield evaluation. If any did exist, they likely long ago eroded away. The area is approximately 20' x 38' in size.

Describe Area Affected and Cleanup Action Taken.*

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.

Signature: <i>Doug Vaughan</i>	OIL CONSERVATION DIVISION	
Printed Name: Doug Vaughan	Approved by District Supervisor <i>L. Johnson</i> ENVIRONMENTAL ENGINEER	
Title: Drilling/Production Superintendent	Approval Date: 3.18.08	Expiration Date: 4.18.08
E-mail Address: dvaughan@crowquest.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 11 March 2008 Phone: 432-818-0310	SUBMIT FINAL w/DOCS	IRP # 1813

* Attach Additional Sheets If Necessary

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Revised October 10, 2003

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with Rule 116 on back
side of form

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Release Notification and Corrective Action

OPERATOR

Initial Report ☐ 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: Federal 20 No. 5 SWD	Facility Type: Produced Water Flowline	
Surface Owner: Norman Hahn	Mineral Owner: State of New Mexico	Lease No.: N/A off lease area

LOCATION OF RELEASE

Unit Letter NW	Section 27	Township 13S	Range 33E	Feet from the NA	North/South Line NA	Feet from the NA	East/West Line NA	County Lea
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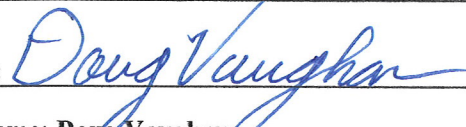
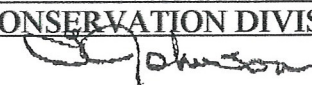
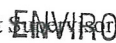
Type of Release: Produced Water	Volume of Release: Unknown	Volume Recovered: None
Source of Release: Possibly punctured line	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 22 February 2008 at 1700 Hours
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? Larry Johnson	
By Whom? C. Winkler	Date and Hour: 3 March 08 Approx. 1300 Hours	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.*		

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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  ENVIRONMENTAL ENGINEER	
Title: Drilling/Production Superintendent	Approval Date: 4.14.08	Expiration Date:
E-mail Address: dvaughan@crowquest.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 11 March 2008 Phone: 432-818-0310		JRP # 1813

* Attach Additional Sheets If Necessary

COPY

Summary Report

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

Report Date: February 27, 2008

Work Order: 8022718



Project Name: Pipeline Spill

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
151844	N 1/2 Area Composite	soil	2008-02-22	12:00	2008-02-27
151845	S 1/2 Area Composite	soil	2008-02-22	12:50	2008-02-27

Sample: 151844 - N 1/2 Area Composite

Param	Flag	Result	Units	RL
Chloride		13900	mg/Kg	5.00

Sample: 151845 - S 1/2 Area Composite

Param	Flag	Result	Units	RL
Chloride		12000	mg/Kg	5.00

COPY

Summary Report

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

Report Date: April 10, 2008

Work Order: 8040719



Project Name: Pipeline Spill (Produced H2O)

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
155919	N 1/2 Area 6"-12.5"	soil	2008-04-04	17:00	2008-04-07
155920	S 1/2 Area 6"-12.5"	soil	2008-04-04	17:40	2008-04-07

Sample - Field Code	TPH DRO DRO (mg/Kg)	TPH GRO GRO (mg/Kg)
155919 - N 1/2 Area 6"-12.5"	<50.0	<1.00
155920 - S 1/2 Area 6"-12.5"	<50.0	<1.00

Sample: 155919 - N 1/2 Area 6"-12.5"

Param	Flag	Result	Units	RL
Chloride		446	mg/Kg	3.25

Sample: 155920 - S 1/2 Area 6"-12.5"

Param	Flag	Result	Units	RL
Chloride		368	mg/Kg	3.25