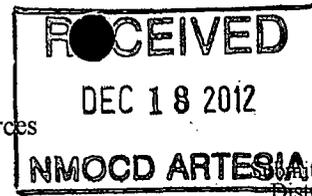


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Release Notification and Corrective Action

NMLB 1235552413 *155615* OPERATOR X Initial Report Final Report

Name of Company: Nadel & Gussman Permian, LLC		Contact: Joel Martin	
Address: 600 Marienfeld St., Suite 508, Midland, Texas 79701		Telephone No.: 432-682-4429	
Facility Name: Valero State No. 1		Facility Type: Oil API NO.: 30-015-31848	
Surface Owner: New Mexico		Mineral Owner: New Mexico	
		Lease No.: VO-6201	

LOCATION OF RELEASE

Unit Letter C	Section 35	Township 18S	Range 28E	Feet from the 660	North/South Line North	Feet from the 1980	East/West Line West	County Eddy
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Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release: Hydrocarbon and produced water.	Volume of Release: Approximately 104 bbls.	Volume Recovered: 50 bbls. of produced water and 50 bbls. of hydrocarbon
Source of Release: Oil tank release valve.	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 12/10/12 1400
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Not immediately discovered but given to Mike Bratcher on Tuesday, 12/11/12	
By Whom: Kurt Hood	Date and Hour: Morning of 12/11/12.	
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.*

Hydrocarbon and produced water were released from the oil tank release valve due to cold weather conditions that froze the valve causing it to fracture. The valve condition was discovered by the pumper who repaired it and notified the field superintendent at 1400 on 12/10/12 of the situation. Vacuum tucks were immediately called to the site and began sucking up the discharged fluids contained within the bermed area. The oil was returned to the tank. A total of 50 barrels of produced water and 50 barrels of hydrocarbon were recovered, leaving 4 barrels unrecoverable.

Describe Area Affected and Cleanup Action Taken.*

The contaminated pea gravel within the bermed area will be removed to disposal; the area initially sampled and then resampled when the discharged material is sufficiently cleared and the NMOCD will be notified prior to closure of operations or backfilling of the inside of the berm with clean material.

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. 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>Joel Martin</i>		OIL CONSERVATION DIVISION	
Printed Name: Joel Martin		Approved by District Supervisor: <i>Mike Bratcher</i>	
Title: Engineering Manager		Approval Date: DEC 20 2012	Expiration Date:
E-mail Address: jmartin@naguss.com		Conditions of Approval:	Attached <input type="checkbox"/>
Date: 12/17/12	Phone: 432-682-4429		

* Attach Additional Sheets If Necessary

Remediation per OCD Rules & Guidelines. **SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: 1/20/2013**

2RP-1463

(T)

Bratcher, Mike, EMNRD

From: Joel Martin <jmartin@naguss.com>
Sent: Tuesday, December 18, 2012 2:38 PM
To: Bratcher, Mike, EMNRD
Cc: Cheryl Winkler
Subject: Valero State # 1 C-141
Attachments: valero c 141.pdf

Pls see attached C-141.

If you have questions, pls contact me or Cheryl Winkler.

Joel Martin
432-238-9969