

Holly Transportation Remediation Summary

Myco Industries-Continental State "A" Battery

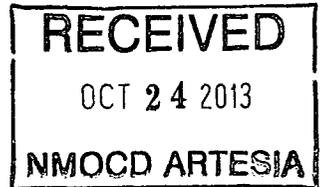
Eddy County, NM

GPS N32.67411 W-104.05720

UL. I, Sec. 10, T19S, R29E

Start date: 12Sept13

Finish date: 18Oct13



Prepared By: Vernon K. Black

Environmental Technician

Hungry Horse, LLC

PO Box 1058

Hobbs, NM 88241

(575)-393-3386

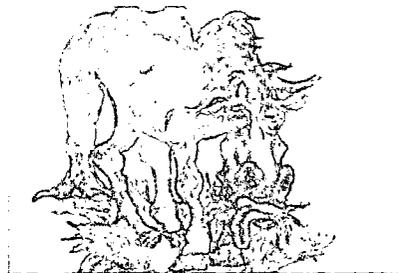
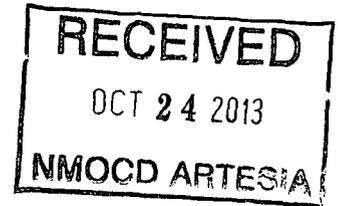


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Remediation Summary Report Form

General Information

This report prepared by Hungry Horse, LLC on 21Oct13, in response to the release by Holly Transportation at the Myco Ind- State "A" Battery located in Eddy County, NM for the spill that occurred 12Sept13, releasing eight bbls of crude oil due to a load hose disconnecting prematurely.

Date: 21Oct13

Client: Holly Transportation

Site Name: Continental State "A" Battery

County: Eddy

State: NM

Site Coordinates

Latitude: 32.67411

Longitude: -104.05720

Property Owner: State of NM

Release Description and Assessment

The information below is related to the spill (Date, Type, Cause, and Quantity) and the area impacted.

Date of Spill: 12Sept13

Type of Spill: X Oil Produced Water Condensate Other (Specify):

Cause of Spill: Equipment Failure Valve Failure Line Rupture Leaking Tank Tank Overfill

Other (Specify): Hose disconnected from truck

Other Contributing Factors or Comments: N/A

Quantity Spilled: 8 bbls

Quantity Recovered: 3bbls

Total Released: 5bbls

Method of Recovery: X Vacuum Truck Other (Specify):

NM OCD Notified: X Yes No **C141 Initial/Final Submitted:** X Yes No

Spill Area Impacted: Inside Firewall X On Production Pad X In Pasture In Cultivated Land

Other (Specify):

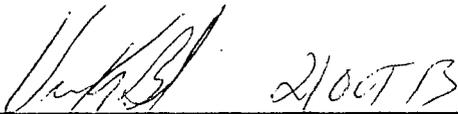
Total Square Foot Impacted: pad = 1000 sf & pasture = 160 sf

Other Comments: Depth to groundwater is approximately 145'

Remediation Activity Summary

The following summarizes the activities used to remediate the spill.

Hungry Horse, LLC was notified immediately of the release and responded with a back hoe. Immediate remedial action consisted of excavating all saturated soil and stock piling it on plastic. Further excavation consisted on removing additional soil in the edge of the pasture and excavating the pad down to the topsoil. Soil samples were obtained from the pasture and analyzed for Chlorides, TPH, and BTEX. Lab results were presented to NM OCD's Mike Bratcher seeking closure approval. Upon obtaining closure approval, an application was submitted to the NM SLO for a Right of Entry (ROE) Permit to conduct backfill operations. The ROE permit was obtained and the impacted in the pasture was backfilled using adjacent sand dunes. Fresh caliche was used for backfilling the pad. All impacted soil was transported to a division approved disposal facility.



Vernon K. Black, Hungry Horse, LLC

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

OCV
9/16
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 : Holly Transportation LLC.	Contact: R.B. Simmons
Address: 1602 W. Main Artesia, NM 88210	Telephone No.(575)513-8314
Facility Name: Continental A State	Facility Type: Well Lease
Surface Owner : Myco Oil Co.	Mineral Owner :
	Lease No.42298

LOCATION OF RELEASE

Unit Letter	Section 10	Township 19S	Range 29E	Feet from the	North/South Line	Feet from the	East/West Line	County Eddy
-------------	---------------	-----------------	--------------	---------------	------------------	---------------	----------------	----------------

Latitude 32*40'26" N Longitude 104* 3' 27" W

NATURE OF RELEASE

Type of Release Crude Oil	Volume of Release 8 bbls	Volume Recovered 3 bbls
Source of Release Hose disconnected from truck	Date and Hour of Occurrence 9-12-13 0745 hrs.	Date and Hour of Discovery 9-12-13 0745 hrs.
Was Immediate Notice Given? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD Message line	
By Whom? R.B. Simmons	Date and Hour 9-12-13 1052 hrs.	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. N/A	

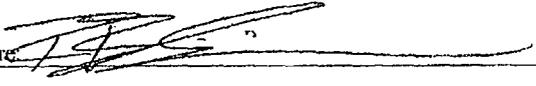
If a Watercourse was Impacted, Describe Fully.* N/A

Describe Cause of Problem and Remedial Action Taken.* Load hose between truck pump and trailer disconnected allowing approximately 8 barrels to escape onto the ground. An estimated 1-2 barrels run off the pad onto the surrounding field. Due to a malfunction with the truck gauge it was first believed that 30-40 barrels were lost. Later determined that 34 barrels were on the trailer and unloaded at a meter for verification. This is determined by figuring the drivers top and bottom tank gauges. Producer was notified immediately. All drivers will be required to ensure the hose connections are securely fastened and in addition will tie connection ears with wire.

Describe Area Affected and Cleanup Action Taken.* 5-7 barrels of crude remain on the lease pad approximate are of 25'x40' with 1-2 barrels running off pad into pasture approximate area of 5'x40'. A vac truck was immediately called out and recovered 3 barrels from pad and pasture. Hungry Horse LLC out of Hobbs, NM responded and will conduct all clean up and remediation to include taking of soil samples for the lab.

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: R.B. Simmons	Approval Date:	Expiration Date:
Title: Regulatory Coordinator Sr.	Conditions of Approval	
E-mail Address: roger.simmons@hollyfrontier.com	Attached <input type="checkbox"/>	
Date: 9-16-13	Phone: 575-513-8314	

* Attach Additional Sheets If Necessary

RECEIVED

OCT 24 2013

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87416
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

NMOCD ARTESIA

State of New Mexico
Energy Minerals and Natural Resources
Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised August 8, 2011

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Holly Transportation LLC	Contact R. B. Simmons
Address 1602 W Main, Artesia, NM 88210	Telephone No. 575-513-8314
Facility Name Continental State A Battery	Facility Type Well Lease
Surface Owner State of NM	Mineral Owner
Lease NO. 42298	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
I	10	19S	29E					Eddy

Latitude 32.67411 Longitude -104.05720

NATURE OF RELEASE

Type of Release Crude Oil	Volume of Release 8 bbls	Volume Recovered 3 bbls
Source of Release Hose disconnected from truck	Date and Hour of Occurrence 12Sept13 0745hrs	Date and Hour of Discovery 12Sept13 0745 hrs
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NM OCD Message Line	
By Whom? R. B. Simmons	Date and Hour 12Sept131052 hrs	
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.***Load hose between truck and pump and trailer disconnected allowing approx 8 bbls to escape onto the ground. An estimated 1-2 bbls ran off the pad into the pasture. Due to a malfunction off the truck gauge, it was first believed that 30-40 bbls were lost. Later determined that 34 bbls were on the trailer and unloaded at a meter for verification. This is determined by figuring the drivers top and bottom tank gauges. Producer was notified immediately. All drivers will be required to ensure the hose connections are securely fastened and in addition will tie connection ears with wire. A vac truck was immediately summoned to the site and recovered 3 bbls from the pad and pasture. Hungry Horse, LLC was dispatched to the site and immediately began excavating and recovering all impacted soil that was saturated with hydrocarbons. This material was stockpiled on plastic for transportation to a division approved disposal facility.**

Describe Area Affected and Cleanup Action Taken.*
The impacted area on the pad was approximately 25' x 40'. This area was excavated down to the soil beneath the caliche pad. Fresh base course was brought in and the pad was reconstructed. The impacted area in the pasture was to the west of the pad and was approx 8' x 40. This area was excavated to a depth of approx 1' BGS. Soil samples were obtained from the bottom in two places and one each from the north and south wall. Lab results indicated contaminant levels at or below closure levels. Results were presented to NM OCD's Mike Bratcher and closure approval was given. A Right of Entry Permit was obtained from the NM State Land Office to be able to complete the backfill and seeding of the project. The grazing lease holder was notified and the area was backfilled by using existing sand dunes that were adjacent to the impacted area.

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.

Signature: 	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: R. B. Simmons	Approved by Environmental Specialist:	
Title: Regulatory Coordinator Sr.	Approval Date:	Expiration Date:
E-mail Address: roger.simmons@hollyfrontier.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date:	Phone: 575-513-8314	

* Attach Additional Sheets If Necessary

Vernon Black

From: Bratcher, Mike, EMNRD [mike.bratcher@state.nm.us]
Sent: Tuesday, September 24, 2013 8:53 AM
To: Vernon Black
Subject: RE: C141

Vernon,

Based on the analytical data, you are approved to commence backfill operations at this site.

Thanks,

Mike Bratcher
NMOCD District 2
811 S. First Street
Artesia, NM 88210
O: 575-748-1283 X108
C: 575-626-0857
F: 575-748-9720

From: Vernon Black [mailto:VBlack@Hungry-Horse.com]
Sent: Thursday, September 19, 2013 7:48 AM
To: Bratcher, Mike, EMNRD
Subject: FW: C141

Good Morning Mike,

When you have a minute take a look at this and give me a call. I think R.B. Simmons with Holly was sending you the initial C-141. Anyway, we've got this cleaned up. We were able to get a backhoe on site as soon as we were called. The oil was only on the ground 4-5 hours before we got it up, so there was very little downward migration. The impacted area in the pasture was only about 40'L x 5' W. We have everything stockpiled on plastic and plan to haul it to Lea Land next week. The attached lab results indicate we are well below closure limits for COC's. With your approval for closure, I'll get this backfilled and a final C-141 with lab analysis attached for your closure files.

Thanks,
Vernon

From: Simmons, Roger [mailto:Roger.Simmons@hollyfrontier.com]
Sent: Tuesday, September 17, 2013 7:12 AM
To: Vernon Black
Subject: C141

Let me know that you received this.

Also were you able to make a decision as to where you will take the contaminated soil?

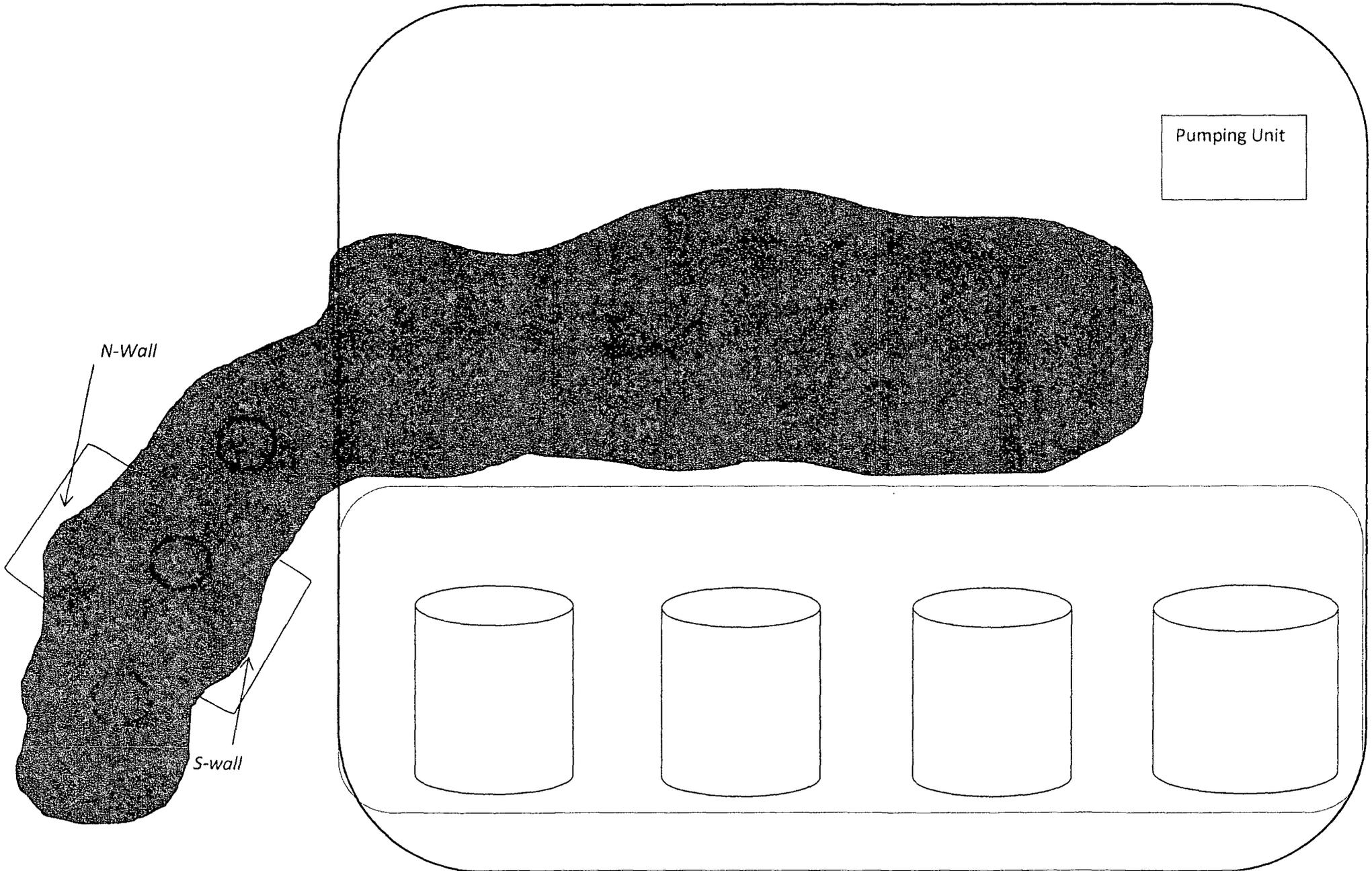
Thank You
R.B. Simmons
Regulatory Coordinator Sr.
Logistics/Transportation

KEY

Sample Points:



Holly Transportation Continental State" A" Battery



Pumping Unit

N-Wall

S-wall

Analytical Results For:

 Hungry Horse Environmental
 OSCAR FRAYRE
 P.O. Box 1058
 Hobbs NM, 88240
 Fax To: (505) 391-4585

Received:	09/17/2013	Sampling Date:	09/16/2013
Reported:	09/18/2013	Sampling Type:	Soil
Project Name:	CONTINENTAL STATE A BATTERY	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: BOTTOM @ 1' PT. #1 (H302242-01)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/17/2013	ND	2.21	111	2.00	0.770		
Toluene*	<0.050	0.050	09/17/2013	ND	2.32	116	2.00	0.747		
Ethylbenzene*	<0.050	0.050	09/17/2013	ND	2.39	120	2.00	0.772		
Total Xylenes*	<0.150	0.150	09/17/2013	ND	7.27	121	6.00	0.00775		
Total BTEX	<0.300	0.300	09/17/2013	ND						

Surrogate: 4-Bromofluorobenzene (PIE) 114 % 89.4-126

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	09/17/2013	ND	416	104	400	3.77		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	09/17/2013	ND	201	100	200	3.89		
DRO >C10-C28	<10.0	10.0	09/17/2013	ND	188	94.1	200	2.77		

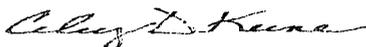
Surrogate: 1-Chlorooctane 95.8 % 65.2-140

Surrogate: 1-Chlorooctadecane 103 % 63.6-154

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* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 Hungry Horse Environmental
 OSCAR FRAYRE
 P.O. Box 1058
 Hobbs NM, 88240
 Fax To: (505) 391-4585

Received:	09/17/2013	Sampling Date:	09/16/2013
Reported:	09/18/2013	Sampling Type:	Soil
Project Name:	CONTINENTAL STATE A BATTERY	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: BOTTOM @ 1' PT. #2 (H302242-02)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/17/2013	ND	2.21	111	2.00	0.770		
Toluene*	<0.050	0.050	09/17/2013	ND	2.32	116	2.00	0.747		
Ethylbenzene*	<0.050	0.050	09/17/2013	ND	2.39	120	2.00	0.772		
Total Xylenes*	<0.150	0.150	09/17/2013	ND	7.27	121	6.00	0.00775		
Total BTEX	<0.300	0.300	09/17/2013	ND						

Surrogate: 4-Bromofluorobenzene (PIC) 116 % 89.4-126

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	09/17/2013	ND	416	104	400	3.77		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	09/18/2013	ND	201	100	200	3.89		
DRO >C10-C28	<10.0	10.0	09/18/2013	ND	188	94.1	200	2.77		

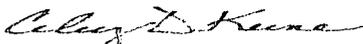
Surrogate: 1-Chlorooctane 91.9 % 65.2-140

Surrogate: 1-Chlorooctadecane 99.1 % 63.6-154

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

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 Hungry Horse Environmental
 OSCAR FRAYRE
 P.O. Box 1058
 Hobbs NM, 88240
 Fax To: (505) 391-4585

Received:	09/17/2013	Sampling Date:	09/16/2013
Reported:	09/18/2013	Sampling Type:	Soil
Project Name:	CONTINENTAL STATE A BATTERY	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: BOTTOM @ 1' PT. #3 (H302242-03)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/17/2013	ND	2.21	111	2.00	0.770		
Toluene*	<0.050	0.050	09/17/2013	ND	2.32	116	2.00	0.747		
Ethylbenzene*	<0.050	0.050	09/17/2013	ND	2.39	120	2.00	0.772		
Total Xylenes*	<0.150	0.150	09/17/2013	ND	7.27	121	6.00	0.00775		
Total BTEX	<0.300	0.300	09/17/2013	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 118 % 89.4-126

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	09/17/2013	ND	416	104	400	3.77		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	09/17/2013	ND	201	100	200	3.89		
DRO >C10-C28	<10.0	10.0	09/17/2013	ND	188	94.1	200	2.77		

Surrogate: 1-Chlorooctane 115 % 65.2-140

Surrogate: 1-Chlorooctadecane 120 % 63.6-154

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 Hungry Horse Environmental
 OSCAR FRAYRE
 P.O. Box 1058
 Hobbs NM, 88240
 Fax To: (505) 391-4585

Received:	09/17/2013	Sampling Date:	09/16/2013
Reported:	09/18/2013	Sampling Type:	Soil
Project Name:	CONTINENTAL STATE A BATTERY	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: NORTH WALL (H302242-04)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/17/2013	ND	2.21	111	2.00	0.770		
Toluene*	<0.050	0.050	09/17/2013	ND	2.32	116	2.00	0.747		
Ethylbenzene*	<0.050	0.050	09/17/2013	ND	2.39	120	2.00	0.772		
Total Xylenes*	<0.150	0.150	09/17/2013	ND	7.27	121	6.00	0.00775		
Total BTEX	<0.300	0.300	09/17/2013	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 119 % 89.4-126

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	09/17/2013	ND	416	104	400	3.77		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	09/17/2013	ND	201	100	200	3.89		
DRO >C10-C28	<10.0	10.0	09/17/2013	ND	188	94.1	200	2.77		

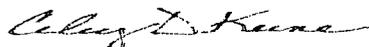
Surrogate: 1-Chlorooctane 90.0 % 65.2-140

Surrogate: 1-Chlorooctadecane 84.4 % 63.6-154

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* = Accredited Analyte

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 Hungry Horse Environmental
 OSCAR FRAYRE
 P.O. Box 1058
 Hobbs NM, 88240
 Fax To: (505) 391-4585

Received:	09/17/2013	Sampling Date:	09/16/2013
Reported:	09/18/2013	Sampling Type:	Soil
Project Name:	CONTINENTAL STATE A BATTERY	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: SOUTH WALL (H302242-05)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/17/2013	ND	2.21	111	2.00	0.770		
Toluene*	<0.050	0.050	09/17/2013	ND	2.32	116	2.00	0.747		
Ethylbenzene*	<0.050	0.050	09/17/2013	ND	2.39	120	2.00	0.772		
Total Xylenes*	<0.150	0.150	09/17/2013	ND	7.27	121	6.00	0.00775		
Total BTEX	<0.300	0.300	09/17/2013	ND						

Surrogate: 4-Bromofluorobenzene (PIE) 115 % 89.4-126

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	09/17/2013	ND	416	104	400	3.77		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	09/18/2013	ND	201	100	200	3.89		
DRO >C10-C28	15.1	10.0	09/18/2013	ND	188	94.1	200	2.77		

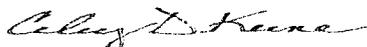
Surrogate: 1-Chlorooctane 103 % 65.2-140

Surrogate: 1-Chlorooctadecane 112 % 63.6-154

Cardinal Laboratories

* = Accredited Analyte

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 the 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.



Celey D. Keene, Lab Director/Quality Manager

**NEW MEXICO STATE LAND OFFICE
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.
New Mexico State Land Office Building
P.O. Box 1148, Santa Fe, NM 87504-1148**

**RIGHT OF ENTRY PERMIT
CONTRACT NO. ROE-2387
(Remediation)**

1. RIGHT OF ENTRY PERMIT

This permit is issued under the authority of NMSA 1978, Section 19-1-2. Therefore, and in consideration of and subject to the terms, covenants, conditions, agreements, obligations and reservations contained in the permit and all other existing rights, the Commissioner of Public Lands, New Mexico State Land Office, State Of New Mexico, hereinafter called "COMMISSIONER," grants to **Hungry Horse LLC**, State of Incorporation (if applicable) **New Mexico**, whose address is **P.O. Box 1058, Hobbs, New Mexico 88241**, hereinafter called "PERMITTEE," authorized use of a specific tract(s) of State Trust Land only for the term, and only for the permitted use, described in this permit.

2. TERM AND LAND DESCRIPTION

Right of entry is granted for a term of **180 days**, commencing, **September 27, 2013**, and ending **March 26, 2014** to the following State Trust Lands.

Section 10, Township 19 South, Range 29 East. SW ¼ Eddy County

3. APPLICATION and PROCESSING FEE

\$530 (Five Hundred Thirty Dollars)

4. PERMITTED USE, PERSONNEL, EQUIPMENT AND MATERIALS

Permitted use is for the purpose of: **Remediation/back fill of crude oil release.**

Personnel present on State Trust Land: **Hungry Horse Employees**
Equipment & Materials present on State Trust Land: **Backhoe**

Prior to execution of project company must identify and contact

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the Grazing Lessee.

The granting of this permit does not allow access across private lands.

5. IMPROVEMENTS

No improvements shall be placed on the premises without the prior written consent of the Commissioner.

6. RESERVATIONS

Commissioner reserves the right to execute leases, rights of way, easements, permits, exchange agreements, sale agreements, permits and other lawful rights on or across the land covered by this permit, including but not limited to any such rights for mining purposes and for the extraction of oil, gas, salt, geothermal resources, and other mineral deposits there from and the right to go upon, explore for, mine, remove and sell same.

7. COMPLIANCE WITH LAWS

Permittee shall at its own expense comply fully with and be subject to all applicable regulations, rules, ordinances, and requirements of law or of the Commissioner, including but not limited to the regulations of the State Land Office; Chapter 19 NMSA governing State Trust Lands; federal and state environmental laws and regulations; and the New Mexico Cultural Properties Act, NMSA 1978 Sections 18-6-1 through 18-6-23. It is illegal for any person or his agent to appropriate, excavate, injure, or destroy any historic, or prehistoric ruin or monument, or any object of historical, archaeological, architectural, or scientific value situated on lands owned or controlled by the State Land Office without a valid permit issued by the Cultural Properties Review Committee and approved by the Commissioner of Public Lands.

8. HOLD HARMLESS AND INDEMNIFICATION

Permittee shall save, hold harmless, indemnify and defend Commissioner, the State Land Office, the State of New Mexico, and any of their officers, employees or agents, in their official and individual capacities, of and from any and all liability, claims, losses, damages, costs, and fees arising out of or alleged to arise out of, or directly or indirectly connected with, the operations of Permittee under this permit on or off State Trust Lands, or arising out of the presence on State Trust Lands of any equipment, material, agent, invitee, contractor or subcontractor of Permittee. This Hold Harmless and Indemnification clause covers any claim, including any brought in any court or before any administrative agency, of any loss or alleged loss, and any damages or alleged damages asserted with respect to any violation or alleged violation of any state, federal or local law or regulation, including but not limited to any environmental law or regulation, any cultural properties law (including the New Mexico Cultural Properties Act, cited above) or regulation, and any alleged damage to the property, rights or interests of any State Land Office lessee, right-of-way holder, or other permittee.

9. AMENDMENT

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This permit shall not be altered, changed, or amended except by an instrument in writing executed by Commissioner and Permittee.

10. WITHDRAWAL

Commissioner reserves the right to withdraw any or all of the land authorized for use under this permit. If applicable, Permittee shall vacate the acreage specified within 30 days after receipt of written notification of withdrawal from the Commissioner.

11. CANCELLATION

The violation by Permittee of any of the terms, conditions, or covenants of this permit or the nonpayment by Permittee of the fees due under this permit shall at the option of the Commissioner be considered a default and shall cause the cancellation of this permit 30 days after Permittee has been sent written notice of such.

12. PRESERVE AND PROTECT

The Permittee agrees to preserve and protect the natural environmental conditions of the land encompassed in this permit, and to take those reclamation or corrective actions that are accepted soil and water conservation practices and that are deemed necessary by the Commissioner to protect the land from pollution, erosion, or other environmental degradation. The Permittee further agrees not to injure the property of, or interfere with the operations or rights of, any State Land Office lessee, right-of-way holder, easement holder or other permittee who has rights to use the State Trust Land subject to this permit.

13. RECLAMATION, REMOVAL OF EQUIPMENT, MATERIALS, AND WASTE

The Permittee agrees to reclaim those areas that may be damaged by activities conducted thereon.

The Permittee agrees to remove from the State Trust Lands, no later than the end of the term of this permit, all equipment, and materials it has placed or brought upon the land and to clean up and remove from the land any trash, waste, effluent, or other products used or brought upon the land in connection with this permit.

14. SPECIAL INSTRUCTIONS AND/OR RESTRICTIONS

1. No off road traffic allowed.
2. No wood collection or tree cutting allowed.
3. Disturbing, dislodging, damaging, defacing, destroying or removing historical archaeological, paleontological or cultural sites or artifacts is prohibited.
4. Disturbing, dislodging, damaging, defacing, destroying any improvement, fixture, item, object or thing placed or located in, under or upon the land is prohibited.

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5. This permit does not grant a right to enter State Trust Lands to which there is no public access.

6. Any uses or activities not within the scope of this permit are not allowed unless prior written approval from the Commissioner of Public Lands is granted.

7. OTHER

WITNESS the hands and seals of PERMITTEE and COMMISSIONER on the day(s) and year entered below.

[Signature]
PERMITTEE

Telephone: 575-631-2253

ACKNOWLEDGMENT

STATE OF New Mexico)

COUNTY OF Lea)

The foregoing instrument was acknowledged before me this 1 day of October, 2013.

My Commission Expires: 3-21-15

[Signature]
NOTARY PUBLIC



OFFICIAL SEAL
STEPHANIE A SALINAS
NOTARY PUBLIC - STATE OF NEW MEXICO
My Commission Expires: 3-21-15

[Signature]
COMMISSIONER OF PUBLIC LANDS

DATE: 10-7-13



ROE- 2387

2013 OCT 4 PM 8 15



Way Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

October 8, 2013

Hungry Horse LLC
P.O. Box 1058
Hobbs, New Mexico 88241

Attn: Vernon Black

Re: Right-of-Entry Application No. ROE-2387

Dear Mr. Black

Enclosed is the completed captioned Right-of-Entry permit. If any corrections are necessary, please let us know and we will retype or amend this lease as necessary.

If you have any questions, please feel free to contact this office at the above address or for Donald Martinez, Surface Director @ (505) 827-5731 or myself @ 827-5710.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony Vigil", is written over the word "Sincerely,".

Anthony Vigil, Management Analyst
Right of Way Section
Surface Resource Management Division

New Mexico State Land Office

Rights of Way Division

(505) 827-5842 P.O. Box 1148 Santa Fe, NM 87504



RIGHT OF ENTRY (ROE) REQUEST FOR REMEDIATION

Company Name Hungry Horse, LLC
Address PO Box 1058
City, State, Zip Hobbs, NM 88241
Contact Person: Vernon K. Black
Telephone #: 575-631-2253
Email: vblack@hungry-horse.com

Purpose of request: Requesting Entry to complete remediation/backfill of small crude oil release.

Section 10 Township 19S Range 29E Unit Letter _____

Qtr/Qtr SW County Eddy

GPS Location (decimal degrees): Latitude 32.67411 W Longitude -104.05720 N

If this is a remediation for a spill please attach a copy of the OCD C-141 form.

Is the completed C-141 attached? Yes No

Square footage of spill impacted surface: 160 SF

Estimated square footage of total disturbance: 1160SF

Reclamation Plan (*attach addl. sheet if necessary*) At the time of the release, the saturated soil was immediately excavated so as to prevent further environmental impact. Soil samples were obtained and presented to NM OCD's Mike Bratcher for closure. Closure approval was given.

Driving directions from nearest state highway or road (*attach a map of the location*):
At the intersection of Hwy 360 and CR 210, go west on CR 210 for 3.6 miles and turn left and go approx .2 mi to the location.

Lease number associated with the ROE request: 42298

Well Name and/or Operator (if applicable): Continental State "A" Battery

Time expected to complete remediation: 1 day

Personnel present on State Land 3

Equipment & materials present on State Land Backhoe

\$530.00 application fee (based on 180 days) can be renewed for up to 3 years.

Payable to: The Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87504-1148

Revised (08/2008)

