

RECEIVED

SEP - 9 2008

HOBBS OCD

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
12 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
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 | XTO Energy Inc. | Contact | David Paschal or Gene Hudson |
| Address | P.O. Box 700 Eunice NM 88231 | Telephone No. | 575-394-2089 |
| Facility Name | Eunice Monument South Unit-B | Facility Type | Lateral Water Injection Line-WTW #808 |
| Surface Owner | PERMITS | Mineral Owner | |
| | | Lease No. | Fed Unit # NM 209403 |

LOCATION OF RELEASE 30-025-32122

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| L | 24 | 205 | 36E | 1980 | FSL | 920 | FWL | Lea |

Latitude _____ Longitude _____

WTR 15-30

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|---|------------------------------------|----------------------------|------------------|
| Type of Release | LINE LEAK | Volume of Release | 500 bbl | Volume Recovered | 400 bbl |
| Source of Release | Produced Water - Lateral Line | Date and Hour of Occurrence | 9/7 | Date and Hour of Discovery | 9/8/08 - 8:00 AM |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | N.M.O.C.D. (voice mail) Buddy Hill | | |
| By Whom? | David Paschal | Date and Hour | 9-8-08 | 2:00 PM | |
| Was a Watercourse Reached? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | | | |

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

Describe Cause of Problem and Remedial Action Taken.*
Internal corrosion caused a small hole in the steel 4" water injection lateral line. The steel spool will be replaced with a new spool and will be plastic coated internally

Describe Area Affected and Cleanup Action Taken.*
Vacuum trucks were used to pick up approx. 400 bbl's of produced water off the ground and hauled to an approved disposal site. Contaminated soil will also be hauled off and will take soil samples. John Good will be the Enviro. Consultant overseeing remediation.

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: <i>Gene Hudson</i> | OIL CONSERVATION DIVISION | |
| Printed Name: GENE HUDSON | <i>J. Johnson</i> Approved by District Supervisor ENVIRONMENTAL ENGINEER | |
| Title: Maintenance Foreman | Approval Date: 9.9.08 | Expiration Date: 11.9.08 |
| E-mail Address: richard_hudson@xtoenergy.com | Conditions of Approval: | Attached <input type="checkbox"/> # 1944 |
| Date: 9-9-08 Phone: 525-441-1634 | SUBMIT FROM C.141 | |

* Attach Additional Sheets If Necessary

W/ SUPPORTING DOCUMENTATION

BY M. 9. 08

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: Range: Sections: *

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic
 All

AVERAGE DEPTH OF WATER REPORT 09/09/2008

| Bsn | Tws | Rng | Sec | Zone | X | Y | Wells | (Depth Water in Feet) | | |
|-----------------------------|-----|-----|-----|------|---|---|-------|-----------------------|-----|-----|
| | | | | | | | | Min | Max | Avg |
| No Records found, try again | | | | | | | | | | |

Closest well legal *
is EMSU-B #925-
U L S 24 T 20 S R 36 E
Fed. Unit # NM 70948-B
Leak is 1/10 mile west
of this well

XTD Energy
EMSU-B Later Water
Inj. Line To Well #
EMSU-B #908 WIW.
(Leak site)

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Owner Name: (First) (Last) Non-Domestic Domestic
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AVERAGE DEPTH OF WATER REPORT 09/09/2008

| Bsn | Tws | Rng | Sec | Zone | X | Y | Wells | (Depth Water in Feet) | | |
|-----|-----|-----|-----|------|---|---|-------|-----------------------|-----|-----|
| | | | | | | | | Min | Max | Avg |
| L | 20S | 36E | 01 | | | | 3 | 40 | 40 | 40 |
| L | 20S | 36E | 02 | | | | 2 | 92 | 92 | 92 |
| L | 20S | 36E | 09 | | | | 2 | 38 | 38 | 38 |
| L | 20S | 36E | 14 | | | | 5 | 20 | 53 | 45 |
| L | 20S | 36E | 15 | | | | 1 | 265 | 265 | 265 |
| L | 20S | 36E | 18 | | | | 2 | 34 | 34 | 34 |
| L | 20S | 36E | 26 | | | | 2 | 170 | 170 | 170 |

Record Count: 17

XTD Energy, Inc.
 EMSU-B Lateral Water
 Inj. line To WELL #
 EMSU-B # 908
 (LEAK site)