

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

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

30-015-33153

Release Notification and Corrective Action

NMLB0624456716

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	Preston Exploration, LLC	2/226	Contact	Tim Dever Operations Manager
Address	PO Box 7520; The Woodlands, TX 77387		Telephone No.	281-367-8697
Facility Name	Cemetery 2 St #1		Facility Type	Battery

Surface Owner	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
G	2	20S	25E	1650	North	1750	East	Eddy

Latitude 32.6051N Longitude -104.4521

NATURE OF RELEASE

Type of Release	Major Release	Volume of Release	142 bbls	Volume Recovered	0
Source of Release	Water Tank Struck by Lightning	Date and Hour of Occurrence	8/12/06	Date and Hour of Discovery	8/12/06 8:33 am
Was Immediate Notice Given?	X Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Phil Hawkins		
By Whom?	Jimmy Olguin	Date and Hour	8/12/06 8:33 AM		
Was a Watercourse Reached?	<input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.			

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

On the morning of 8/12/06 lightning struck water tank located on the Cemetery 2 #1 resulting explosion destroyed the water tank. The tank contents (all produced water) were confined by the firewall. Tank will be replaced

Describe Area Affected and Cleanup Action Taken.*

See Attached

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:

Printed Name: Jerri Lee

Title: Consultant

E-mail Address: office@sesi-nm.com

Date: 10/27/06

Phone: 505-397-0510

TIM GUM

Approved by District Supervisor:

by MB

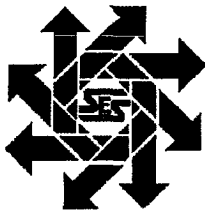
Approval Date: 12/31/06

Expiration Date: 1/1/11

Conditions of Approval: N/A

Attached ☐

* Attach Additional Sheets If Necessary



P.O. Box 1613
703 E. Clinton Suite 102
Hobbs, New Mexico 88240
505/397-0510
Fax 505/393-4388
www.sesi-nm.com

Safety & Environmental Solutions, Inc.

October 1, 2006

Mr. Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, New Mexico 88210

RE: Preston Operating Cemetery 2 State #1 G-2-20S-25E, Eddy County, New Mexico
API :30-015-33153

Dear Mr. Bratcher,

This letter is in reference to the release at the Cemetery 2 State #1 Tank Battery, which occurred on August 12, 2006. On A September 14, 2006 an SESI technician was onsite to retrieved samples from the affected area. Samples #1 and #2 were retrieved inside of the bermed area and samples #3 and #4 outside the bermed area. The samples were properly preserved and transported under Chain of Custody to Argon Laboratories of Hobbs, New Mexico for analysis. The samples were analyzed for Chlorides EPA Method 300. The analysis indicated chloride levels in all samples to be no greater than 120 ppm. In light of analytical results it is requested that this site be closed.

Sincerely


Jenn Lee
Administrative Assistant

argon laboratories

SAFETY & ENVIRONMENTAL SOLUTIONS, INC.
703 E. CLINTON, SUITE 102
HOBBS, NM 88240

REPORT DATE: 09/20/06
SAMPLE DATE: 09/14/06

ATTN: BOB ALLEN
CLIENT PROJ. ID: PRE-06-001
CEMETARY 2 STATE #1

30-015-33153

AL JOB #: A09111

Project Summary:

On September 14, 2006, this laboratory received 4 soil samples.

The samples were analyzed according to instructions in accompanying chain-of-custody. Results of analysis are summarized on the following pages. Please see quality control report for a summary of QC data pertaining to this project.

The samples will be stored for 30 days after completion of analysis, then disposed of in accordance with State and Federal regulations. The samples may be archived by prior arrangement.

If you have any questions, please contact Sample Control at (505) 397-0295


Hiram Cueto
Lab Manager

2126 W. Marland Ave., Hobbs, NM 88240 • Phone (505) 397-0295 • Fax (505) 397-0296
email: info@argonlabs.com

argon laboratories

30-015-33153

Safety & Environmental Solutions, Inc.
703 E. Clinton
Hobbs, NM 88240

Project Number: PRE-06-001
Project Name: Cementary 2 State #1
Project Manager: Bob Allen

Work Order #:
A09111

Anions by Ion Chromatography - EPA Method 300.0

Analyte	Result	Rep. Lim. @ D.F.=1	Units	Analyzed	Method	Notes
# 1 (A09111) Soil	Sampled: 09/14/06	Received: 09/14/06				
Chloride	120	10	mg/Kg	09/15/06	EPA 300.0	
# 2 (A09112) Soil	Sampled: 09/14/06	Received: 09/14/06				
Chloride	<10	10	mg/Kg	09/15/06	EPA 300.0	
# 3 (A09113) Soil	Sampled: 09/14/06	Received: 09/14/06				
Chloride	69	10	mg/Kg	09/15/06	EPA 300.0	
# 4 (A09114) Soil	Sampled: 09/14/06	Received: 09/14/06				
Chloride	51	10	mg/Kg	09/15/06	EPA 300.0	

Approved By
Argon Laboratories

QC Officer

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