

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

JUL - 8 2008
OCD-ARTESIA

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

ISEB0819636528
ISEB0819636305

OPERATOR

X Initial Report ☐ Final Report

Name of Company	Armstrong Energy Corporation 1092	Contact	Bruce Stubbs
Address	P.O. Box 1973, Roswell, NM 88202	Telephone No.	575-625-2222
Facility Name	Cobra Federal #2	Facility Type	Tank Battery

Surface Owner	Alton Munson FEDERAL	Mineral Owner	BLM	Lease No.	NM-58803
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30-005-63735

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
L	19	11S	27E	1710	South	950	West	Chaves

Latitude 33.3477 N Longitude 104.28161 W

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release	208 BBLS.	Volume Recovered	None
Source of Release	500 BBL. Fiberglass Water Storage Tank	Date and Hour of Occurrence	7-3-08 7:00 PM	Date and Hour of Discovery	7-3-08 7:00 PM
Was Immediate Notice Given?	X Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Called OCD office in Artesia and left message		
By Whom?	Rocky Ray	Date and Hour	7-3-08 7:30 PM		
Was a Watercourse Reached?	<input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.	N.A.		
If a Watercourse was Impacted, Describe Fully.* N.A.					

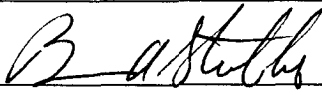
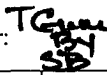
Describe Cause of Problem and Remedial Action Taken.*

Lightening struck the tank battery, burned up one empty 500 bbl. fiberglass water tank, exploded one 500 bbl. fiberglass water tank containing 208 BBLS. of produced water, burned one 500 BBL. oil storage tank containing 151 BBLS. of oil and scorched one 500 BBL. oil storage tank containing 146 BBLS. of oil. Lost 208 BBLS. of produced water, 75% contained inside berms and 25% on location. Lost 151 BBLS. of oil, consumed in the fire. Prep to remove junk equipment to the landfill, remove contaminated soil down to clean soil, test soil, replace removed soil with clean soil, reconstruct the tank battery and replace berm.

Describe Area Affected and Cleanup Action Taken.*

75% of the 208 BBLS. of produced water that was released was contained inside of the bermed area, 25% of the released fluid was on the location in front of the battery. Prep to remove junk equipment to the landfill, remove contaminated soil down to clean soil, test soil, replace removed soil with clean soil, reconstruct the tank battery and replace berm.

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: 		OIL CONSERVATION DIVISION	
Printed Name: Bruce A. Stubbs		Approved by District Supervisor: 	Remediation Actions to be completed and Final C-141 submitted with confirmation analyses/documentation on or before the Expiration Date.
Title: Vice President		Approval Date: 7-14-08	Expiration Date: 9-19-08
E-mail Address: bastubbs@zianet.com		Conditions of Approval:	
Date: 7-7-08 Phone: 575-625-2222		SEE ATTACHED STIPULATIONS	
		Attached <input checked="" type="checkbox"/> 2RP-194	

* Attach Additional Sheets If Necessary

3EB0819636781

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 14, 2008

Armstrong Energy Corporation
Attn: Bruce A. Stubbs
PO Box 1973
Roswell, NM 88202

Reference: Cobra Federal 002 19-11S-27E Chaves County, New Mexico
2RP-194

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of an Initial Report C-141 for a release of produced water occurring at the above referenced facility on July 3, 2008. Stated on the C-141 is "Prep to remove junk equipment to the landfill, remove contaminated soil down to clean soil, test soil, replace removed soil with clean soil, reconstruct the tank battery and replace berm."

The Initial Report C-141 is accepted with the following stipulations:

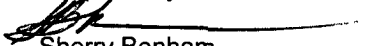
- Contaminated soils shall be remediated so that residual contaminant concentrations are below the site specific recommended soil remediation action levels. Confirmation soil analyses reflecting TPH, BTEX, and chloride constituents will be required.
- Notify the OCD 48 hours prior to obtaining samples where analyses are to be submitted to the OCD.
- Remediation requirements may be subject to change as site conditions warrant.
- Results of analytical data obtained through sampling shall be forwarded to OCD for approval **prior** to any backfilling activities.
- A final Report C-141 is to be submitted to the OCD upon satisfactory completion of remediation project.

Remediation requirements may be subject to other federal, state, and local laws or regulations.

Please be advised that NMOCD acceptance and/or approval of documents or work plans 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 and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further assistance regarding this matter or if you have any questions, please feel free to contact me.

Respectfully,


Sherry Bonham
NMOCD District 2
1301 W Grand Avenue
Artesia, NM 88210
575.748.1283 ext. 109
sherry.bonham@state.nm.us

