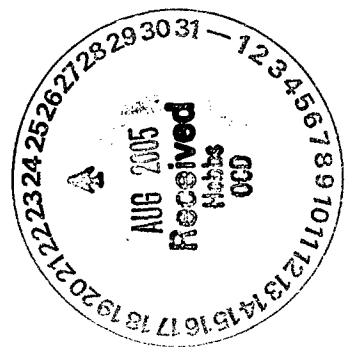


830.05
1R-43
JL

NADEL AND GUSSMAN PERMIAN, LLC
NM STATE #1
Unit N Section 4, T. 16 S., R. 35 E.
GPS: 32° 57' 10" N & 103° 27' 48"

WORK PLAN

Prepared By
Eddie Seay Consulting
August 2005



August 23, 2005

NMOCD Environmental
ATTN: Larry Johnson
1625 N. French Drive
Hobbs, NM 88240

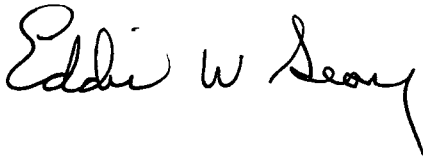
RE: Nadel and Gussman Permian, LLC
NM State #1 Spill
Unit N Sect. 4, T. 16 S., R. 35 E.

Mr. Johnson:

I was contacted on 8/22/05 about an oil spill at the above listed location. The area affected was approximately 17,000 sq. ft. The oil was spread out thin, due to the rain that we just recently received. It did not look like the oil soaked in over 3 to 4 inches in any area due to the soil being saturated with water. The land owner asked that we wait a couple of days before starting excavation so we don't destroy any more pasture than necessary.

Find attached a work plan for the remediation and clean up.

Sincerely,



Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
(505)392-2236
seay04@leaco.net

cc: Kem E. McCready
Nadel and Gussman
(432)682-4429
kemm@naguss.com

Ernie Little
(505)441-1256

WORK PLAN

General:

Leak occurred on or about 8/20/05, bull plug on back of 210 bl. tank leaked. Approximately 120 bls. of oil went into pasture and down lease road. The recent weekend rains spread oil thin. The leak was on State Lands leased by Danny Watson. Mr. Watson was notified.

Groundwater:

According to State Engineer and Groundwater information, the depth of water occurs at approximately 60 feet below surface.

Remediation Proposal:

It appears that the material lost was oil. When the area dries up, we plan to excavate the oil contaminated soil and haul the material to an OCD approved facility. Replace the excavated area with clean soil. The area will be tested per OCD recommendations and the OCD notified of all activities. A complete report will be filed with OCD.

Site Ranking: 10

Clean up levels for TPH are 1000 ppm. Will test for BTEX and Chloride per OCD standards.

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

Release Notification and Corrective Action

Ac. # 155615 MIDLAND OPERATOR ☒ Initial Report ☐ Final Report

Name of Company Nadel and Gussman Permian LLC	Contact Lee Ledbetter
Address 601 N. Marienfeld Midland Texas	Telephone No. 505-746-1428
Facility Name NM State #1	Facility Type Oil Tank Battery
Surface Owner Mr. Danuv Watson	Mineral Owner
Lease No. VB-0376	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
N	4	16 South	35 East	3350	South	2310	West	Lea

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release crude oil	Volume of Release 120 bbls	Volume Recovered 0 bbls
Source of Release Failed swage on a tank drain line	Date and Hour of Occurrence 8/20/05 time Unknown	Date and Hour of Discovery 8/20/05 3:00 pm
Was Immediate Notice Given? ☐ Yes ☒ No ☐ Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

A swage on the tank drain valve failed causing the tank to empty. As soon as the leak was reported steps were taken to contain the leak. Nadel and Gussman has already started cleanup operations. Nadel and Gussman has contacted with Eddy Seay to perform an initial site assessment and provide coordinate cleanup efforts. Once Mr. Seay had completed the initial assessment we will submit a proposed remediation plan to the NMOCDD

Describe Area Affected and Cleanup Action Taken.*

We have started removing contaminated soil to prevent downward migration. A more detailed remediation plan will be submitted once the initial site assessment is complete.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCDD 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 NMOCDD 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, NMOCDD 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: <i>Kem E. McCready</i>	Approved by District Supervisor	
Printed Name: Kem E. McCready	Approval Date:	Expiration Date:
Title: Operations Engineer	Conditions of Approval:	
E-mail Address: kemm@mguss.com	Attached ☐	
Date: 8/22/05	Phone: 432-682-4429	

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: **16S** Range: **35E** Sections: **4**

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

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

Well / Surface Data Report

Avg Depth to Water Report

Water Column Report

Clear Form

WATERS Menu

Help

AVERAGE DEPTH OF WATER REPORT 08/23/2005

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
L	16S	35E	04				6	58	62	60

Record Count: 6

103-25

