

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 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 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 | Mark L. Shilder, Inc. | Contact | G. B. Gregson |
| Address | 1313 Campbell Rd., Bldg. D, Houston, Texas 77055 | Telephone No. | (713) 481-6487 |
| Facility Name | State 1-30 | Facility Type | Tank Battery and Wellhead |
| Surface Owner | Phillip Frier | Mineral Owner | State of New Mexico |
| | | API No. | 30-025-08441 |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| B | 30 | 12S | 34E | 660 | North | 1980 | East | Lea |

Latitude: 33°, 15', 18.47" North **Longitude:** 103°, 32', 53.27" West

NATURE OF RELEASE

| | | |
|--|---|---|
| Type of Release: Crude Oil, Nat'l. Gas & Salt Water | Volume of Release: 25 BO/115 BW | Volume Recovered: 130 Bbls. |
| Source of Release: Ruptured Heater-Treater & Ruptured pack-off at wellhead | Date and Hour of Occurrence: 12/06/2014 Unknown | Date and Hour of Discovery: 12/07/2014 1200 Hrs., +/- |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? M. Brown | |
| By Whom E. Jaramillo, Contract Pumper | Date and Hour: 12/08/2014 1700 Hrs. | |
| 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.*

Describe Cause of Problem and Remedial Action Taken.*

12/06/2014: Unexpected pressure increase at heater-treater caused rupture resulting in crude oil, salt water release inside firewall and 200 SF outside firewall.
12/08/2014: Unexpected blowout at wellhead due to faulty pack-off/gasket resulted in an uncontrolled wet gas release into atmosphere and surrounding pasture. Contract pumper notified operator. NM State Police and Lea Co. Emergency Management on location. Indian Fire & Safety 3-man crew dispatched with monitoring and breathing equipment. Evacuated nearby residents to Tatum. G. B. Gregson, Op. manager on Loc.
12/09/2014: Dispatch Wild Well Control of Midland. Analyze blowout, plan "kill" procedure & schedule equipment for next morning.
12/10/2015: Wild Well Control pumped 400 Bbls. 10# brine down annulus to kill well (1.5 BPM @ 400#). Released Indian Fire & Safety. Met Mr. P. Frier, landowner/rancher to discuss "blowout" and future corrective action.

Describe Area Affected and Cleanup Action Taken.* Approx. 25-acres of ranch land affected by wet gas release. 0.33 acre area outside firewall and a 0.20 acre area surrounding the wellhead were affected by crude oil. Both release sites were initially delineated using onsite visual reconnaissance and soil sample collection by an independent environmental contractor, Viper Products & Services. Soil sample analysis was conducted by Cardinal Labs. Those lands outside the immediate release areas 25-acres, +/-, operator coordinated with the landowner and took corrective action promote growth on native grasses on nearby pasture land (conducted & completed w/landowner's satisfaction). Jan. 2015 contaminated soils were removed by Liberty Maintenance Services to an authorized land farm, Gandy Marley, Inc. and replaced with caliche and top soil. Acquired/installed replacement separation vessels. Additional soil samples collection and analysis was conducted and further soil removal was undertaken, replacement with caliche and top soil followed. Remediation completed in Dec. 2105. Periodic reports were provided to Messrs. Oberding and Keyes.

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 Environmental Specialist: | |
| Printed Name: Gregory B. Gregson | Approval Date: | Expiration Date: |
| Title: Operations Manager | Conditions of Approval: | |
| E-mail Address: ggregson@marklshidlerinc.com | Attached <input type="checkbox"/> | |
| Date: 12/22/2015 | Phone: (713) 481-6487 | |

* Attach Additional Sheets If Necessary



November 09, 2015

GREG GREGSON

MARK L. SHIDLER

1313 CAMPBELL ROAD BLDG. D

HOUSTON, TX 77055

RE: NM STATE I-30

Enclosed are the results of analyses for samples received by the laboratory on 11/04/15 14:00.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-13-5. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

| | |
|------------------|------------------------------|
| Method EPA 552.2 | Haloacetic Acids (HAA-5) |
| Method EPA 524.2 | Total Trihalomethanes (TTHM) |
| Method EPA 524.4 | Regulated VOCs (V1, V2, V3) |

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Celey D. Keene".

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

 MARK L. SHIDLER
 GREG GREGSON
 1313 CAMPBELL ROAD BLDG. D
 HOUSTON TX, 77055
 Fax To:

| | | | |
|-------------------|---------------|---------------------|----------------|
| Received: | 11/04/2015 | Sampling Date: | 11/03/2015 |
| Reported: | 11/09/2015 | Sampling Type: | Soil |
| Project Name: | NM STATE I-30 | Sampling Condition: | ** (See Notes) |
| Project Number: | NONE GIVEN | Sample Received By: | Jodi Henson |
| Project Location: | LEA | | |

Sample ID: SE WELL HEAD (H502915-01)

| 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 | 11/05/2015 | ND | 416 | 104 | 400 | 0.00 | |
| 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 | 11/05/2015 | ND | 207 | 103 | 200 | 0.927 | |
| DRO >C10-C28 | 99.1 | 10.0 | 11/05/2015 | ND | 211 | 105 | 200 | 0.0565 | |

Surrogate: 1-Chlorooctane 85.6 % 35-147

Surrogate: 1-Chlorooctadecane 94.7 % 28-171

Sample ID: NW WELL HEAD (H502915-02)

| 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 | 11/05/2015 | ND | 416 | 104 | 400 | 0.00 | |
| 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 | 11/05/2015 | ND | 207 | 103 | 200 | 0.927 | |
| DRO >C10-C28 | 122 | 10.0 | 11/05/2015 | ND | 211 | 105 | 200 | 0.0565 | |

Surrogate: 1-Chlorooctane 83.9 % 35-147

Surrogate: 1-Chlorooctadecane 93.3 % 28-171

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 MARK L. SHIDLER
 GREG GREGSON
 1313 CAMPBELL ROAD BLDG. D
 HOUSTON TX, 77055
 Fax To:

| | | | |
|-------------------|---------------|---------------------|----------------|
| Received: | 11/04/2015 | Sampling Date: | 11/03/2015 |
| Reported: | 11/09/2015 | Sampling Type: | Soil |
| Project Name: | NM STATE I-30 | Sampling Condition: | ** (See Notes) |
| Project Number: | NONE GIVEN | Sample Received By: | Jodi Henson |
| Project Location: | LEA | | |

Sample ID: SW WELL HEAD (H502915-03)

| 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 | 11/05/2015 | ND | 416 | 104 | 400 | 0.00 | |
| 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 | 11/05/2015 | ND | 207 | 103 | 200 | 0.927 | |
| DRO >C10-C28 | 127 | 10.0 | 11/05/2015 | ND | 211 | 105 | 200 | 0.0565 | |

Surrogate: 1-Chlorooctane 70.9 % 35-147

Surrogate: 1-Chlorooctadecane 79.4 % 28-171

Sample ID: NE WELL HEAD (H502915-04)

| 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 | 11/05/2015 | ND | 416 | 104 | 400 | 0.00 | |
| 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 | 11/05/2015 | ND | 207 | 103 | 200 | 0.927 | |
| DRO >C10-C28 | 161 | 10.0 | 11/05/2015 | ND | 211 | 105 | 200 | 0.0565 | |

Surrogate: 1-Chlorooctane 90.7 % 35-147

Surrogate: 1-Chlorooctadecane 105 % 28-171

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

| | |
|-----|--|
| ND | Analyte NOT DETECTED at or above the reporting limit |
| RPD | Relative Percent Difference |
| ** | Samples not received at proper temperature of 6°C or below. |
| *** | Insufficient time to reach temperature. |
| - | Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report |



Celey D. Keene, Lab Director/Quality Manager



CARDINAL Laboratories

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

BILL TO

ANALYSIS REQUEST

Company Name: MARK L. SKIDLER
 Project Manager: Renee Gregson
 Address: _____
 City: _____ State: _____ Zip: _____
 Phone #: _____ Fax #: _____
 Project #: _____ Project Owner: _____
 Project Name: _____
 Project Location: State 1-30
 Sampler Name: Gary Monahan
 P.O. #: _____ Company: _____
 Attn: _____ Address: _____
 City: _____ State: _____ Zip: _____
 Phone #: _____ Fax #: _____

| Lab I.D. | Sample I.D. | (G)RAB OR (C)OMP. | # CONTAINERS | MATRIX | | | | | | DATE | TIME | CIRTS | C |
|----------------|-----------------------|-------------------|--------------|-------------|------------|------|-----|--------|----------------|-------------|------------|-------------|---|
| | | | | GROUNDWATER | WASTEWATER | SOIL | OIL | SLUDGE | OTHER : | | | | |
| <u>H502915</u> | <u>1 SE Well Head</u> | | <u>9</u> | | | | | | <u>11/3/15</u> | <u>1:00</u> | <u>TPH</u> | <u>8015</u> | |
| | <u>2 NW Well Head</u> | | <u>1</u> | | | | | | | | <u>///</u> | <u>///</u> | |
| | <u>3 SW Well Head</u> | | <u>1</u> | | | | | | | | <u>///</u> | <u>///</u> | |
| | <u>4 NE Well Head</u> | | <u>1</u> | | | | | | | | <u>///</u> | <u>///</u> | |

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Relinquished By: [Signature] Date: 11-4-15 Time: 2:00 PM
 Received By: [Signature] Date: _____ Time: _____
 Delivered By: (Circle One) UPS Bus Other: 25.40
 Sample Condition: Cool Intact Yes No Yes No No
 CHECKED BY: [Signature]
 Phone Result: Yes No No No
 Add'l Phone #: _____
 Fax Result: Yes No No No
 Add'l Fax #: _____
 REMARKS: _____

† Cardinal cannot accept verbal changes. Please fax written changes to (575) 393-2326 #54

MARK L. SHIDLER, INC.
NM State No. 1-30
Lea Co., NM

Dec. 8, 2014 Release Area (Around Wellhead)

Further delineation of oil saturated soils north and south of Wellhead
occurring on Oct. 28 and 29, 2015

Northside



Southside





