District I State of New Mexico 1625 N. French Dr., Hobbs, NM 88240 Form C-141 **Energy Minerals and Natural Resources** District II Revised October 10, 2003 1301 W. Grand Avenue, Artesia, NM88210 District III Submit 2 Copies to appropriate District Office in accordance Oil Conservation Division 1000 Rio Brazos Road, Aztec, NM 87410 1220 South St. Francis Dr. with Rule 116 on back District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 side of form Santa Fe, NM 87505 **Release Notification and Corrective Action OPERATOR** Initial Report **Final Report** X. Name of Company SM Energy Company Contact Donna Huddleston Address 3300 N. A Street, Bldg. 7, Ste. 200 Midland, Tx Telephone No. (432) 688-1789 Facility Name Parkway Delaware Tract 1 Battery Facility Type Tank Battery Surface Owner: BLM Mineral Owner: BLM Lease No. NMNM8849X LOCATION OF RELEASE Township Section Feet from the North/South Line Feet from the Unit Letter Range East/West Line County 35 198 29E F Eddy Co. NM Latitude N 32.61531° Longitude W 104.04324° NATURE OF RELEASE Type of Release: Oil Volume of Release 205 bbis Volume Recovered 200 bbls Source of Release: 750 Steel Tank Date and Hour of Occurrence Date and Hour of Discovery 05/16/2011 05/16/2011 @ 7:30 am Was Immediate Notice Given? If YES, To Whom? Yes 🗌 No 🗍 Not Required Jim Amos with BLM By Whom? Bill Hearne Date and Hour 05/16/2011 9:57 am Was a Watercourse Reached? If YES, Volume Impacting the Watercourse. 🗌 Yes 🕅 No N/A If a Watercourse was Impacted, Describe Fully.* N/A Describe Cause of Problem and Remedial Action Taken.* 750 Steel (Test Tank) discovered @ 7:30 am leaking oil from bottom of tank. Spill contained inside of diked area. Estimated 205 bbls. Oil spilled and recovered 200 bbls and transferred to empty stock tank. Net Loss: 5 bbls oil. Oil will be circulated back through heater treater. Describe Area Affected and Cleanup Action Taken.* 85 ft x 60 ft area contained in dike. Dug out thop 1 foot of soil. Tetra Tech inspected site and collected samples to define spills extent. Soil that exceeded RRAL was removed and hauled away for proper disposal to the maximum extent practicable. Microblaze was applied to the excavated area prior to the site being brought up to surface grade with clean backfill material. Tetra Tech prepared closure report and submitted to NMOCD for review. 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 Signature: (Approved by District Supervisor: Sm Eway Printed Name: Aaron Hale agint for Expiration Date: Approval Date: Title: Project Manager Conditions of Approval: E-mail Address: aaron.hale@tetratech.com Attached Phone: (432) 682-4559 Date:

Attach Additional Sheets If Necessary

ZRP-788