

JUN 22 2012

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
RECEIVED
Submit 1 Copy to appropriate District Office in
accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

X Initial Report ☐ Final Report

Name of Company Southwest Royalties	Contact Luis Gonzalez
Address 6 Desta Drive Suite 2100, Midland, TX 79705	Telephone No. 432 661 4708
Facility Name Cities Federal #2	Facility Type Injection Well

Surface Owner BLM	Mineral Owner	API No. 30-025-28474
--------------------------	---------------	-----------------------------

LOCATION OF RELEASE


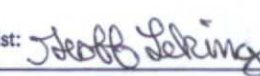
Unit Letter M	Section 20	Township 22S	Range 36E	Feet from the	North/South Line	Feet from the	East/West Line	County Lea County
-------------------------	----------------------	------------------------	---------------------	---------------	------------------	---------------	----------------	-----------------------------

Latitude N32.3966 Longitude W-103.2962 Point of Release

NATURE OF RELEASE

Type of Release Produced Water and Oil	Volume of Release 210 bbls	Volume Recovered 120 bbls
Source of Release Poly Line	Date and Hour of Occurrence 19Jun12 AM hours	Date and Hour of Discovery 19Jun12 AM hours
Was Immediate Notice Given? X Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Geoff Leking-NM OCD and Jim Amos-BLM	
By Whom? Vernon K Black-Hungry Horse, LLC	Date and Hour 19Jun12 1700 hrs	
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.* A poly line failure between the SWD and the well failed releasing water/oil. The release was contained to the lease road and only a small area in the pasture. The well was shut-in and the line repaired. Vac trucks were on site to remove the free standing liquid. Hungry Horse, LLC was contracted to perform first stage top layer excavation process, using a back hoe to remove ~ 12" layer of saturated soils. The soil will be stockpiled on plastic for transportation and disposal in later time. Nine soil samples were obtained from three sample points. Upon receipt of the lab analysis, a remediation work plan will be submitted to NMOCD and BLM for review and approval. The release was in NE 1/4 of Sec 18, T22S, 36E and flowed southeast and then south from the point of release N32.3966 W-103.2962 and stopped at approximately N32.3941 W-103.2961.		
Describe Area Affected and Cleanup Action Taken.*		

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: Luis Gonzalez	Approved by Environmental Specialist: 	
Title:	Approval Date: 6/22/12	Expiration Date: 8/22/12
E-mail Address: lgonzalez@claytonwilliams.com	Conditions of Approval: SUBMIT FINAL C-141 BY 8/22/12	Attached <input type="checkbox"/> IRP-6-12-2831
Date: 20Jun12 Phone: 432 661 4708		

* Attach Additional Sheets If Necessary