

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

OPERATOR

☒ Initial Report ☐ Final Report

|                 |   |               |              |
|-----------------|---|---------------|--------------|
| Name of Company | Energex Resources Corp                        | Contact       | Andy Cobb    |
| Address         | 3300 N. A St. Bldg 4 Ste 100 Midland TX 79705 | Telephone No. | 432-686-3599 |
| Facility Name   | Samuders State State #1                       | Facility Type | Oil          |

|               |         |               |             |           |       |
|---------------|---------|---------------|-------------|-----------|-------|
| Surface Owner | Energex | Mineral Owner | State of NM | Lease No. | 34215 |
|---------------|---------|---------------|-------------|-----------|-------|

LOCATION OF RELEASE

|             |         |          |       |               |                  |               |                |        |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| A           | 3       | 15-S     | 33-E  | 420           | N                | 940           | E              | Lea    |

Latitude 33° 3.163' Longitude 103° 35.811'

NATURE OF RELEASE

|                             |   |   |                   |                            |     |
|-----------------------------|---|---|-------------------|----------------------------|-----|
| Type of Release             | Oil   | Volume of Release                         | 147               | Volume Recovered           | 140 |
| Source of Release           | Propped water tank  | Date and Hour of Occurrence               |                   | Date and Hour of Discovery |     |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom?                          | 4-27-06 @ 4:00 AM |                            |     |
| By Whom?                    | Rex Smith   | Date and Hour                             | 4-27-06 @ 9:30 AM |                            |     |
| 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.\*

The circulating pump @ the facility was inadvertently left running causing all of the production to be sent to water tanks. The water tank was unable to hold total production from well and the tank ran over from the thief hatch.

Describe Area Affected and Cleanup Action Taken.\*

Affected inside secondary containment at butters facility. Two areas in front & behind tanks 15' x 15' areas inside of containment 5' x 13'. Dispatched trucks to begin removal of free oil will be eradicate affected area asap.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC 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 NMOC 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, NMOC 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:                       | Andy Cobb                       |                                   |                  |
| Printed Name:                    | Andy Cobb                       |                                   |                  |
| Title:                           | Sr Safety & Environmental Spec. |                                   |                  |
| E-mail Address:                  | andy.cobb@energex.com           |                                   |                  |
| Date:                            | 4-28-06                         |                                   |                  |
| Phone:                           | 432-686-3599                    |                                   |                  |
| Approved by District Supervisor: |                                 | Approval Date:                    | Expiration Date: |
| Conditions of Approval:          |                                 | Attached <input type="checkbox"/> |                  |

\* Attach Additional Sheets If Necessary

facility - FPAC0612152272  
incident - NPAC0612152449  
application - pPAC0612152765