

Rec'd 5/21/09

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

Form C-141
Revised October 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

30-015-30025 **Release Notification and Corrective Action**

nmlb0916140542 256523 OPERATOR Initial Report Final Report

Name of Company: <i>Southern Bay Operating, L.L.C.</i>	Contact: <i>Steve Collins, V.P.-Operations</i>
Address: <i>110 Cypress Station Drive, Suite 220 - Houston, TX 77090-1629</i>	Telephone No.: <i>281.537-9920</i>
Facility Name: <i>Grayburg Jackson, Tract MB, Well 16-P</i>	Facility Type: <i>Well's full-stream Flow Line [to Tank Battery]</i>

Surface Owner: <i>Bureau of Land Management</i>	Mineral Owner: <i>Mineral Management Service</i>	Lease No.: <i>NM-0467934</i>
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LOCATION OF RELEASE

Unit Letter <i>P</i>	Section <i>27</i>	Township <i>17S</i>	Range <i>30E</i>	Feet from the <i>330</i>	North/South Line <i>SOUTH</i>	Feet from the <i>430</i>	East/West Line <i>EAST</i>	County: <i>EDDY</i>
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Latitude: *32.7989 N* Longitude: *-103.9577*

RELEASE # 102

NATURE OF RELEASE

Type of Release: <i>Well Fluid [full-stream production]</i>	Volume of Release: <i>+/- 20 bbl</i>	Volume Recovered: <i>Zero bbl</i>
Source of Release <i>Flow line Integrity failure</i>	Date and Hour of Occurrence: <i>Unknown</i>	Date and Hour of Discovery: <i>5/20/2009 - 1100 hrs</i>
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
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.*

Short Horizontal Split in 3-inch poly-flow line; Installed wrap-around pipe clamp, secured leak..

Describe Area Affected and Cleanup Action Taken.*

Ground surface of approx 384-sq ft area adjacent to flow line.. Will delineate by back-hoe excavation, collect discrete soil samples, analyze for Total Chlorides and T-P-H, load & haul contaminated soils to Disposal site.. Estimated Volume of 28.5 y³..

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: <i>Mark Weatherly</i>	OIL CONSERVATION DIVISION	
Printed Name: <i>MARK WEATHERLY</i>	Approved by Designated Supervisor: <i>Alto Brancusa</i>	
Title: <i>Environmental / Regulatory Coordinator</i>	Approval Date: <i>JUN 09 2009</i>	Expiration Date:
E-mail Address: <i>Mark@SBEnergy.com</i>	Conditions of Approval: <i>REMEDATION PER NMOCD Rules & Guidelines</i>	Attached <input type="checkbox"/>
Date: <i>05/21/2009</i>	Phone: <i>281.537-9920, X-120</i>	

* Attach Additional Sheets If Necessary

nmlb0916141259

2RP-316

Bratcher, Mike, EMNRD

From: Mark Weatherly [mark@sbenergy.com]
Sent: Thursday, May 21, 2009 4:41 PM
To: Bratcher, Mike, EMNRD
Subject: C-141 form
Attachments: C-141_initial.doc

Mr. Bratcher,

Attached is the referenced document, completed and signed..

<<...>>

Will further advise your office with schedule of corrective actions..

Thank you,

Mark Weatherly
Environmental / Regulatory Coordinator
Southern Bay Operating, LLC
281.537-9920, x.120 - Office

This inbound email has been scanned by the MessageLabs Email Security System.

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side of form

30-015-30025

Release Notification and Corrective Action

nmlb0916140542

256523 OPERATOR

Initial Report Final Report

Name of Company: <i>Southern Bay Operating, L.L.C.</i>	Contact: <i>Steve Collins, V.P.-Operations</i>
Address: <i>110 Cypress Station Drive, Suite 220 - Houston, TX 77090-1629</i>	Telephone No.: <i>281.537-9920</i>
Facility Name: <i>Grayburg Jackson, Tract MB, Well 16-P</i>	Facility Type: <i>Well's Flow Line [to Tank Battery]</i>
Surface Owner: <i>Bureau of Land Management</i>	Mineral Owner: <i>Mineral Management Service</i>
Lease No.: <i>NM-0467934</i>	

LOCATION OF RELEASE

Unit Letter <i>P</i>	Section <i>27</i>	Township <i>17S</i>	Range <i>30E</i>	Feet from the	North/South Line	Feet from the	East/West Line	County: <i>EDDY</i>
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Latitude: 32.79898 N Longitude: -103.95858 W

RELEASE # 202

NATURE OF RELEASE

Type of Release: <i>Well Fluid [full-stream production]</i>	Volume of Release: <i>+/- 4 bbl</i>	Volume Recovered: <i>Zero bbl</i>
Source of Release <i>Flow line Integrity failure</i>	Date and Hour of Occurrence: <i>5/29/2009 - At Unknown Hour</i>	Date and Hour of Discovery: <i>5/29/2009 - 1000 hrs</i>
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <i>Facsimile to District 2 Office</i>	
By Whom?	Date and Hour	
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.*
Short Horizontal Split in 3-inch poly-flow line.. Discovery made during activity related to replacement of old line.. Due to prior leaks, higher grade of new 3-inch poly flow line was installed..

Describe Area Affected and Cleanup Action Taken.*
Ground surface of approx 252-sq ft area [12-feet long (x) 21-feet wide] adjacent to flow line.. Estimated Volume of 9.5 y³.. Will delineate by back-hoe excavation, collect discrete soil samples, analyze for Total Chlorides and T-P-H, load & haul contaminated soils to Disposal site..

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: <i>Mark Weatherly</i>	OIL CONSERVATION DIVISION	
Printed Name: <i>MARK WEATHERLY</i>	Approved by District Supervisor: <i>Mike Benjamin</i>	
Title: <i>Environmental / Regulatory Coordinator</i>	Approval Date: <i>JUN 09 2009</i>	Expiration Date:
E-mail Address: <i>Mark@SBEnergy.com</i>	Conditions of Approval: <i>REMEDIATION PER NMOCD Rules & Guidelines</i>	Attached <input type="checkbox"/>
Date: <i>05/29/2009</i>	Phone: <i>281.537-9920, X-120</i>	

* Attach Additional Sheets If Necessary

nmlb0916141259

2RP-316

Bratcher, Mike, EMNRD

From: Mark Weatherly [mark@sbenergy.com]
Sent: Friday, May 29, 2009 3:08 PM
To: Bratcher, Mike, EMNRD
Subject: C-141 form -
Attachments: C-141_Initial-2.doc

Mr. Bratcher,

Attached is the referenced document, completed and signed..

<<...>>

This was a second event adjacent to the release reported last week..

As indicated, a new flow line has been installed..

Thank you,

Mark Weatherly
Environmental / Regulatory Coordinator
Southern Bay Operating, LLC
281.537-9920, x.120 - Office

This inbound email has been scanned by the MessageLabs Email Security System.

Bratcher, Mike, EMNRD

From: Mark Weatherly [mark@sbenergy.com]
Sent: Wednesday, June 10, 2009 8:02 AM
To: Bratcher, Mike, EMNRD
Subject: Cell # 713-569-7472

Cell # 713-569-7472

From: Mark Weatherly [mailto:mark@sbenergy.com]
Sent: Wednesday, June 10, 2009 8:59 AM
To: 'mike.bratcher@state.nm.us'
Subject: C-141 form, Southern Bay Operating - Soil Sampling prior to Clean Fill-In

Mr. Bratcher,

Excavation & haul to Disposal is complete, have purchased virgin material from BLM as directed..

Would like to sample, submit to Hobbs lab for 24 turn-around on analyses, and have a results report e-mailed to you –
Can also sample BLM material, if need be..

Please call my Cell # to confirm – Thanks!

Mark Weatherly
Environmental / Regulatory Coordinator
Southern Bay Operating, LLC
281.537-9920, x.120 - Office

6/10/09: OK to pull confirmation samples