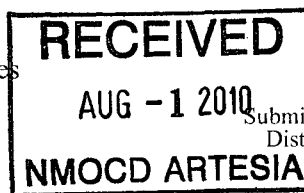


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

30-015-10041

Release Notification and Corrective Action

AKMU/1035542428

OPERATOR

☒ Initial Report ☐ Final Report

| | |
|--|-----------------------------------|
| Name of Company Vernon E. Faulconer, Inc. 148394 | Contact Butch Hickey |
| Address 1001 ESE LOOP 323 TYLER, TEXAS 75701 | Telephone No. 903-581-4382 |
| Facility Name ANTELOPE SINK #1 | Facility Type WELL & TANK BATTERY |

| | | |
|-------------------------|-----------------------------------|------------------------------------|
| Surface Owner JOE HELMS | Mineral Owner STATE OF NEW MEXICO | Lease No. NM015-0027 NM015-0028 |
|-------------------------|-----------------------------------|------------------------------------|

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| Unit Letter G | Section 18 | Township 19S | Range 24E | Feet from the 1890 | North/South Line NORTH | Feet from the 2070 | East/West Line EAST | County EDDY |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

Latitude 32.6632 Longitude -104.6260

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release CONDENSATE | Volume of Release 120 BBLS | Volume Recovered 0 |
| Source of Release TANK FAILURE (LIGHTNING) | Date and Hour of Occurrence 7/28/10 4 PM | Date and Hour of Discovery 7/28/10 4 PM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? DARREL GRAY with New Mexico Oil Conservation Division, called VEF Inc. | |
| By Whom? ATOKA FIRE DEPARTMENT | Date and Hour 5:15 PM MOUNTAIN TIME 7/28/10 | |
| 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.*

Lightning struck tank resulting in explosion & fire. Bottom of tank split releasing contents. Most contents burned. Cleaned up & removed damaged tank. Repipe well to produce into one tank remaining on location.

Describe Area Affected and Cleanup Action Taken.*

Area in front & behind tank battery (+-50' either side)

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: ROY SLOAN, JR. | Approved by District Supervisor: | |
| Title: ENGINEER | Approval Date: 3/21/11 | Expiration Date: |
| E-mail Address: RSLOAN@VEFINC.COM | Conditions of Approval: Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: | Attached <input type="checkbox"/> |
| Date: 7/29/10 Phone: 903-581-4382 | 4/21/11 | |

* Attach Additional Sheets If Necessary

PROPOSAL NOT LATER THAN:

2RP-509