

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

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

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Report

| | |
|--|------------------------------------|
| Name of Company: Paladin Energy Corp | Contact: Mickey Horn |
| Address: 10290 Monroe Dr., Ste 301, Fort Worth, TX 75229 | Telephone No. (214) 352-7273 |
| Facility Name: State BT "C" No. 003 | Facility Type: Tank Battery |
| Surface Owner: State of New Mexico | Mineral Owner: State of New Mexico |
| API No. 30-025-01017-00-00 | |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|------------------------|---------------------------|----------------------|------------------------|---------------|
| Unit Letter L | Section 35 | Township 11S | Range 33E | Feet from the 1,980 | North/South Line South | Feet from the 660 | East/West Line West | County Lea |
|------------------|---------------|-----------------|--------------|------------------------|---------------------------|----------------------|------------------------|---------------|

Latitude 33° 19' 04" Longitude 103° 34' 12"

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release: Crude oil/produced water | Volume of Release: 15 bbl oil and 40 bbl water | Volume Recovered: 7 bbl (total fluid) |
| Source of Release: Valve failure at free water knockout | Date and Hour of Occurrence: 03/15/2015 | Date and Hour of Discovery: 03/16/2015 |
| 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.* | | |

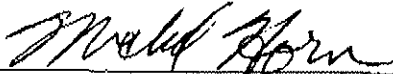

RECEIVED

By OCD; Dr. Oberding at 1:05 pm, Apr 07, 2015

Describe Cause of Problem and Remedial Action Taken.* Pop-off relief valve failed at free water knockout causing liquids to spill onto ground. Spill is limited to area inside firewall and no liquid escaped firewall. A vacuum truck was used to pick up free liquid. Backhoe and roust-a-bout crew to pick up oily soil for disposal at OCD approved facility.

Describe Area Affected and Cleanup Action Taken.* Area affected by spill is inside firewall and did not affect area outside of firewall. Composite soil samples will be collected and analyzed following removal of oily soil and reported to OCD to determine if further remediation is required.
Note: Composite samples are not accepted.

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.

| | | |
|--|---|---|
| Signature:  | OIL CONSERVATION DIVISION | |
| Printed Name: Mickey Horn | Hydrologist | Approved by Environmental Specialist:  |
| Title: Operations Manager | Approval Date: 04/07/2015 | Expiration Date: 07/07/2015 |
| E-mail Address: paladinmid@suddenlink.net | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: April 6, 2015 Phone: (432) 522-2162 | Site samples required. Delineate and remediate area as per NMOC guides. | IRP-3593 164070 |

* Attach Additional Sheets If Necessary

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pTO1509747792