

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

RECEIVED
JUL 03 2012
NMOCD ARTESIA

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

nJMW 1219437558 OPERATOR Initial Report Final Report

| | |
|--|-----------------------------|
| Name of Company SM ENERGY COMPANY 154903 | Contact VICKIE MARTINEZ |
| Address 3300 N "A" ST BLDG 7-200 MIDLAND, TX 79705 | Telephone No. (432)688-1709 |
| Facility Name PDU 506 | Facility Type WELL |
| Surface Owner BUREAU OF LAND MANAGEMENT Mineral Owner BUREAU OF LAND MANAGEMENT NPI No. 30-015-27464 | |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| J | 35 | 19S | 29E | 2635 | SOUTH | 2640 | EAST | EDDY |

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | |
|--|--|---------------------------------|
| Type of Release PRODUCED WATER | Volume of Release 175 BBLS | Volume Recovered 70 BBLS |
| Source of Release 1.50" OD CENTRON FG INJ LINE PIN | Date and Hour of Occurrence 6/29/12 | Date and Hour of Discovery SAME |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? MIKE BRATCHER AND JIM AMOS | |
| By Whom? BILL HEARNE | Date and Hour 6/29/12 10:37 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.*
N/A

Describe Cause of Problem and Remedial Action Taken.*
1.50" OD CENTRON FG INJ LINE PIN FAILURE. SM ENERGY COMPANY WILL TURN THIS OVER TO TETRA TECH FOR FURTHER EVALUATION.

Describe Area Affected and Cleanup Action Taken.*
AFFECTED AREA: LOC IS 100'X65'=6,500' SQ FT. PASTURE IS 165'X105'=17,325 SQ FT. CLEAN UP ACTION TAKEN IS PICK UP ALL STANDING FLUID ON LOC AND PASTURE. BACKHOE SCRAPPED OFF SPILL AREA AND HAULED CONTAMINATED SOIL TO CRI FOR DISPOSAL. PLUGGED OFF INJ LINE LATERAL TO LOC. WILL LOCATE & INSTALL NEW JT OF 1.50" OD CENTROL FG INJ REPLACEMENT PIPE AND RETURN WELL TO INJ.

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>Vickie Martinez</i> | OIL CONSERVATION DIVISION | |
| Printed Name: VICKIE MARTINEZ | Approved by Environmental Specialist: Signed By <i>Mike Bratcher</i> | |
| Title: ENGINEER TECH II | Approval Date: JUL 12 2012 | Expiration Date: |
| E-mail Address: VMARTINEZ@SM-ENERGY.COM | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: 07/02/2012 Phone: (432)688-1709 | | |

* Attach Additional Sheets If Necessary

Remediation per OCD Rules & Guidelines. **SUBMIT REMEDIATION PROPOSAL NOT LATER THAN:**
8/12/12

2RP-1215