

EXHIBIT "C"

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
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		<input checked="" type="checkbox"/> Initial Report	<input type="checkbox"/> Final Report
Name of Company PHOENIX HYDROCARBONS OPERATIONS		Contact CLARENCE CRAIG	
Address P O BOX 3638, Midland, TX79702		Telephone No. 505-370-0825	
Facility Name Burro Prod Wtr P/L		Facility Type Water Line	
Surface Owner State	Mineral Owner State	Lease No. OG-1402	

SI State NBF #1

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
F	22	11S	33E	1980	FNL	1980	FWL	Lea

Latitude 33°21' .13"N Longitude 103° 36' .22"W

35' GW

NATURE OF RELEASE

Type of Release Produced Wtr	Volume of Release 350 bbl	Volume Recovered 260 bbl
Source of Release leaking collar on P/L	Date and Hour of Occurrence 7/11/04	Date and Hour of Discovery 7/11/04
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Clarence Craig tried to get someone on the weekend, 7/12/04 Sylvia/Hobbs office was contacted	
By Whom? Chris Mitchell 432-894-1750	Date and Hour 7/12/04 10:00 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.\*  
Leaking collar on pipeline, the collar was replaced. Tentative plan to dig 5', take soil samples for analysis and contact an environmental cleanup company.

Describe Area Affected and Cleanup Action Taken.\*  
Ranch lands, flat desert land with little or no vegetation. Vaccumed up 260 barrels produced water, plant to remediate the soil.

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>Phyllis R. Gunter</i>		OIL CONSERVATION DIVISION	
Printed Name: Phyllis R. Gunter		Approved by District Supervisor:	
Title: Agent	Approval Date:	Expiration Date:	
E-mail Address: PHYGUN@aol.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 7-26-04	Phone: 432-686-9869		

\* Attach Additional Sheets If Necessary

Phoenix - 188483  
facility - PAC0605429350  
incident - PAC0605429477  
application - PAC0605429653

7-26-04

sent email - did  
dispose of material  
per OCD protocol  
BS 2/10/06