

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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company	SOUTHWEST ROYALTIES, INC.	Contact	DAWN M. HOWARD
Address	6 DESTA DRIVE, STE 2100, MIDLAND, TX 79705	Telephone No.	432/688-3267
Facility Name	CITIES FEDERAL #2 SWD	Facility Type	COMMERCIAL SWD

Surface Owner	FEDERAL LANDS LEASED TO LARRY STRAIN 432/685-2064	Mineral Owner	FEDERAL	Lease No.	NMLC030132 (b)
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East West Line	County
M	20	22S	36E	660	S	660	W	LEA

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	PRODUCED WATER	Volume of Release	~750 BPW	Volume Recovered	390 BPW
Source of Release	COMMERCIAL SWD BATTERY-LIGHTNING	Date and Hour of Occurrence	5/9/07 ~9:30 A.M.	Date and Hour of Discovery	5/9/07 ~9:30 A.M.
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	MS. HASTON, BLM-HOBBS & MS. TAPERON-NMOCD; NMOCD DISTRICT II MESSAGE CENTER WAS ALSO CONTACTED.		
By Whom?	DAWN HOWARD	Date and Hour	9:32 5/9/07 AND 10:45 5/9/07		
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.*

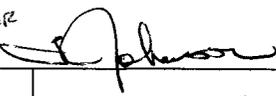
Describe Cause of Problem and Remedial Action Taken.*

LIGHTNING STRUCK THE DISPOSAL SYSTEM, BLEW THE TOP OFF THE 1000 BBL WATER HOLDING TANK AND CONTENTS SPILLED-CONTAINED WITHIN FIREWALL. THE OIL HOUSED IN THE 1000 BBL FG GUN BARREL BURNED (UNKNOWN VOLUME). SOUTHWEST PERSONNEL WERE CONTACTED AND IMMEDIATELY ON LOCATION. NM HIGHWAY PATROL REPS PRESENT. EUNICE VOLUNTEER FIRE DEPARTMENT WAS ON LOCATION AND RETURNED AGAIN THAT AFTERNOON. 3 VACUUM TRUCKS PICKED UP APPROX 390 BW. BACKHOE WAS ON LOCATION TO DIVERT WATER FLOW FOR PICK UP. NMOCD REP MR. BUDDY HILL CAME BY LOCATION WHILE MAKING NORMAL ROUNDS.

Describe Area Affected and Cleanup Action Taken.*

ALL WATER PICKED UP AND WE WILL SEEK A PROFESSIONAL ENVIRONMENTAL COMPANY TO SUBMIT AN ACCEPTABLE REMEDIATION PLAN. THIS COMMERCIAL SWD SYSTEM WILL BE REPLACED AND CONTAINMENT WALL CONSTRUCTED.

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: DAWN M. HOWARD	Approved by District Supervisor: 	
Title: OPERATIONS ASSISTANT	Approval Date: 5.22.07	Expiration Date: 7.22.07
E-mail Address: Dhoward@claytonwilliams.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 5/17/07	Phone: 432/688-3267	

* Attach Additional Sheets If Necessary

Incident - n PAC074450670
application - PAC074450738

SUBMISSION OF FULL DEMONSTRATION & WORKPLAN FOR OGD APPROVAL

RPT# 1366