

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

RECEIVED
NOV 18 2009
NMOCD ARTESIA

Form C-141
Revised October 10, 2003
Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

30-015-23287

Release Notification and Corrective Action

NMLB0935548032

21355

OPERATOR

Initial Report Final Report

Name of Company	Southwest Royalties, Inc.	Contact	Dawn M. Howard
Address	6 Desta Drive, Ste 2100, Midland, Texas 79705	Telephone No.	432/688-3267
Facility Name	Malaga A #2	Facility Type	Oil lease - battery
Surface Owner	Mineral Owner	Lease No. 10642/POD/ 2436630	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	2	24S	28E	660	N	660	W	Eddy

Latitude 32.25256 Longitude 104.06332

NATURE OF RELEASE

Type of Release	hydrocarbons pooled around wellhead	Volume of Release	5 BF	Volume Recovered	BF
Source of Release	slow packer leaking - contained within cellar	Date and Hour of Occurrence	11/04/09	Date and Hour of Discovery	11/09/09 -Letter of Violation
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?	Letter of Violation rec, Inspection #iREH0930858117	Date and Hour	LOV NO. 09-02-106		
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.*
A slow packer leak formed a pooling of fluid around the wellhead contained within the cellar at the Malaga A #2 well site.

Describe Area Affected and Cleanup Action Taken.*
Approx. 5 BF was sucked up and the cellar dug out approx 5'. Contaminated dirt was properly disposed of and replaced with fresh dirt.

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 	Signed By Supervisor
Title: Operations Assistant	Approval Date: DEC 21 2009	Expiration Date:
E-mail Address: dhoward@claytonwilliams.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 11/16/09 Phone: 432/688-3267	REMEDATION per OCD Rules and Guidelines. <u>SUBMIT REMEDIATION PROPOSAL BY: See Attachment</u>	

* Attach Additional Sheets If Necessary

NMLB0935548603

2RP-371

Bratcher, Mike, EMNRD

From: Bratcher, Mike, EMNRD
Sent: Monday, December 21, 2009 3:06 PM
To: 'dhoward@claytonwilliams.com'
Subject: Southwest Royalties Malaga A 002
Attachments: Southwest Royalties Malaga A 2.doc; DSC02330.JPG

Dawn,

Please find attached, a letter requesting further investigation at the Malaga A 002 site. Also attached is the photo the field inspector took the day of his inspection.

Mike Bratcher

NMOCD DISTRICT 2
1301 W. GRAND AVE.
ARTESIA, NM 88210
575-748-1283 EXT.108
mike.bratcher@state.nm.us

"Democracy is two wolves and a lamb deciding what to have for dinner. Liberty is a well armed lamb." - Benjamin Franklin

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Southwest Royalties Inc.
6 Desta Drive
Suite 2100
Midland, TX 79705

December 21, 2009

Reference: Malaga A 002 D-2-24s-28e API: 30-015-23287 Eddy County, New Mexico

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of an initial report Form C-141 reporting a release of produced fluids at or near the above referenced well site. The C-141 was requested subsequent to a routine site inspection performed by an OCD field inspector on 11/4/2009. The inspector observed what appear to be produced fluids pooled at the well head area. Staining is evident in soils extending out on the well pad from the well head area. The C-141 submitted states that contaminated soils were disposed of and replaced with clean material. After a review of the photo taken by the inspector, OCD is requesting samples be obtained in the area of the release in such a manner as to adequately determine if any contaminants are still present at this site. Samples are to be obtained below the clean soils that were used as backfill. A site ranking will also be required. Further remedial action, if any, will be based on the results of samples obtained.

Notify the OCD District 2 office 48 hours prior to obtaining samples.

A publication is available to you on the OCD website to aid in formulating the site ranking and to provide information as to what may be required if it is determined that contaminants still exist at the site. The publication may be found as follows:

<http://www.emnrd.state.nm.us/ocd>

Click on each of the following items as they appear:

- Publications
- Environmental Handbook
- Miscellaneous Guidelines
- Remediation of Leaks, Spills and Releases

Please submit the site ranking to the OCD District 2 Office not later than **January 11, 2010**. In addition, please schedule to perform the sampling event not later than **January 11, 2010**. In the site ranking submittal, include any remedial or clean up actions that have been performed to mitigate impact from this release including volume of material removed and dimensions of excavation.

Clean up/remediation requirements may be subject to other federal, state, local laws and/or regulations.



December 21, 2009

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If you have any questions or concerns, please contact me.

Sincerely,

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
575-748-1283 Ext.108
mike.bratcher@state.nm.us

2RP-371

Southwest Royalties MALAGA A#2 2-24-28 015-23287 Inspection Date 11/4/09 LOV Issued

