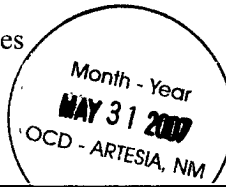


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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: Southwestern Energy Company	Contact: Bruce Drummond
Address: 2350 N. Sam Houston Parkway E. Suite 125	Telephone No. 505-631-8083
Facility Name: Karlsbad Corral Central Facility	Facility Type: Tank Battery

Surface Owner: New Mexico	Mineral Owner: New Mexico	Lease No. <u>30-015-33324</u>
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LOCATION OF RELEASE

Unit Letter	Section 2	Township 25 S	Range 29 E	Feet from the 330	North/South Line FSL	Feet from the 1980	East/West Line FEL	County Eddy
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Latitude 32.15278 Longitude -103.95262

NATURE OF RELEASE

Type of Release Produced water	Volume of Release 20 bbls	Volume Recovered 70 bbls (mostly rainwater)
Source of Release Fiberglass Produced Water Tank	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher Oil Conservation Division	
By Whom? Bruce Drummond	Date and Hour: 05/16/07 9:30 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.*

During heavy Thunderstorm Lightning struck, set on fire, and destroyed (1) 500 BBL Fiberglass Produced Water Tank. Lease Operator arrived on location and was able to extinguish remaining fire. Lease Operator called out Vacuum Truck, recovered approx 70 bbls of fluid from Tank Bottom & inside Firewall, unable to determine total amount of Produced water released due to heavy accumulation of rain water inside Firewall. Lightning Protection will be installed.

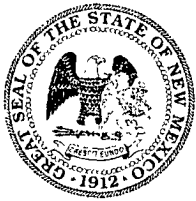
Describe Area Affected and Cleanup Action Taken.*

Called out Vacuum Truck, recovered approx 70 bbls of fluid from Tank Bottom & inside Firewall
Will run soil samples when it dries out.

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: <u>David Pickard</u>	OIL CONSERVATION DIVISION	
Printed Name: <u>David Pickard</u>	Approved by District Supervisor: <u>Simon W. Green/10</u>	
Title: <u>HSE Manager</u>	Approval Date: <u>JUN 28 2007</u>	Expiration Date: <u>7/28/07</u>
E-mail Address: <u>david.pickard@sun.com</u>	Conditions of Approval:	Attached <input type="checkbox"/>
Date: <u>5/30/07</u>	Phone: <u>281-618-4054</u>	

* Attach Additional Sheets If Necessary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 28, 2007

Southwestern Energy Production Company
2350 N. Sam Houston Parkway East, Suite 125
Houston, Texas 77032

ATTN: Mr. David Pickard, CSP

RE: Karlsbad Corral Central Facility

Dear Sir:

This office is in receipt of your C-141 on the produced water release, on this facility.

NMOCD Rule 19.15.3.116 states in part ... "The responsible person must complete division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC."

Information and tools for proper corrective action may be found in the Environmental Handbook on our web site www.emnrd.state.nm.us/ocd under the heading publications.

Within 30 days, **on or before July 28, 2007**, completion of remedial activities should be finalized and a final report summarizing all actions taken to mitigate environmental damage related to the leak, spill or release will be provided to OCD for approval.

If I may be of further service or if you have any questions please feel free to contact me.

Sincerely,

Gerry Guye
Deputy Field Inspector
NMOCD District II, Artesia
(505) 748-1283 ext 105
Cell (505) 626-0843
e-mail: gerry.guye@state.nm.us