

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 M&G Drilling Company, Inc.
Address PO Box 5940, Farmington, NM 87499-5940
Facility Name N/A

Contact David Hinson
Telephone No. 505-325-6779
Facility Type N/A

API # 30-045-29917

Surface Owner NA Mineral Owner M&G Drilling Co. Lease No. NMSF 078481A

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|----------|
| M | 10 | 27N | 8W | 1150 | South | 790 | West | San Juan |

Latitude 36 Deg, 37 Min, 14 Sec N Longitude 108 Deg, 00 Min, 09 Sec W

NATURE OF RELEASE

| | | |
|---|--|--|
| Type of Release- Fire | Volume of Release- Zero | Volume Recovered- Zero |
| Source of Release - Kimray Suction Regulator on Compressor | Date and Hour of Occurrence 1-28-08 Early Morning | Date and Hour of Discovery 1-28-08 Approximately 8:30 a. m. |
| Was Immediate Notice Given? Required X <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not | If YES, To Whom? Brandon (OCD) | |
| By Whom? David Hinson & Michael Marquez | Date and Hour 8:30 p.m. & 1:30 p.m. | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. RCVD JAN 31 '08 | |

If a Watercourse was Impacted, Describe Fully.* None

OIL CONS. DIV.
DIST. 3

Describe Cause of Problem and Remedial Action Taken.*

Dave Hinson immediately drove to the Graham #99 Location when made aware that a part of the compressor on location was on fire. The well head valve had been shut in by a field hand. While driving David Hinson contacted Fluid Compression and apprised them of the situation. Fluid Compression is the owner of the compressor.
When David Hinson arrived at the location three fluid compression employees were on sight. The fire was already out by the time they had arrived. The compressor was looked at by all parties.
It was determined that the Kimray suction regulator was burnt and a spot on the suction dump vessel about 1" square suffered paint damage from the heat. No other damage was noted.
The suction regulator has been replaced. The well is currently shut in until a thorough evaluation of the compressor can be done.

Describe Area Affected and Cleanup Action Taken.* Area Affected-Compressor rented by M&G from Fluid Compression.
Cleanup Action Taken- Affected parts have been replaced. Well is currently shut in.

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>David Hinson</i> | OIL CONSERVATION DIVISION | |
| Printed Name: David Hinson | Approved by District Supervisor: <i>Frank Pull</i> For: <i>Charlie Perrin</i> | |
| Title: <i>Field Foreman</i> | Approval Date: 1-31-08 | Expiration Date: |
| E-mail Address: | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: 1-30-2008 | Phone: 505-325-6779 | |

* Attach Additional Sheets If Necessary

WBPO804348152