

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

30-015-30025

Release Notification and Corrective Action

MLB0916140542

256523 OPERATOR

X Initial Report ☐ Final Report

Name of Company: Southern Bay Operating, L.L.C.	Contact: Steve Collins, V.P.-Operations	
Address: 110 Cypress Station Drive, Suite 220 - Houston, TX 77090-1629	Telephone No.: 281.537-9920	
Facility Name: Grayburg Jackson, Tract MB, Well 16-P	Facility Type: Well's full-stream Flow Line [to Tank Battery]	
Surface Owner: Bureau of Land Management	Mineral Owner: Mineral Management Service	Lease No.: NM-0467934

LOCATION OF RELEASE

Unit Letter P	Section 27	Township 17S	Range 30E	Feet from the 330	North/South Line SOUTH	Feet from the 430	East/West Line EAST	County: EDDY
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Latitude: 32.7989 N Longitude: -103.9577

RELEASE # 102

NATURE OF RELEASE

Type of Release: Well Fluid [full-stream production]	Volume of Release: +/- 20 bbl	Volume Recovered: Zero bbl
Source of Release Flow line Integrity failure	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 5/20/2009 - 1100 hrs
Was Immediate Notice Given? <input type="checkbox"/> Yes X No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.	
If a Watercourse was Impacted, Describe Fully.*		

Describe Cause of Problem and Remedial Action Taken.\*


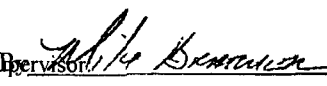
Short Horizontal Split in 3-inch poly-flow line; Installed wrap-around pipe clamp, secured leak..

Describe Area Affected and Cleanup Action Taken.\*

Ground surface of approx 384-sq ft area adjacent to flow line..

Will delineate by back-hoe excavation, collect discrete soil samples, analyze for Total Chlorides and T-P-H, load & haul contaminated soils to Disposal site.. Estimated Volume of 28.5 y<sup>3</sup>..

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: MARK WEATHERLY	Approved by Designated Supervisor: 	
Title: Environmental / Regulatory Coordinator	Approval Date: JUN 09 2009	Expiration Date:
E-mail Address: Mark@SBEnergy.com	Conditions of Approval: REMEDIATION PER NMOCD Rules & Guidelines	Attached <input type="checkbox"/>
Date: 05/21/2009	Phone: 281.537-9920, X-120	

\* Attach Additional Sheets If Necessary

MLB0916141259

2RP-316

## Bratcher, Mike, EMNRD

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**From:** Mark Weatherly [mark@sbenergy.com]  
**Sent:** Thursday, May 21, 2009 4:41 PM  
**To:** Bratcher, Mike, EMNRD  
**Subject:** C-141 form  
**Attachments:** C-141\_Initial.doc

Mr. Bratcher,

Attached is the referenced document, completed and signed..

<<...>>

Will further advise your office with schedule of corrective actions..

Thank you,

Mark Weatherly  
Environmental / Regulatory Coordinator  
Southern Bay Operating, LLC  
281.537-9920, x.120 - Office

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This inbound email has been scanned by the MessageLabs Email Security System.

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30-015-30025

Release Notification and Corrective Action

NMLB 0916140542

256523 OPERATOR

X Initial Report ☐ Final Report

Name of Company: Southern Bay Operating, L.L.C.	Contact: Steve Collins, V.P.-Operations
Address: 110 Cypress Station Drive, Suite 220 - Houston, TX 77090-1629	Telephone No.: 281.537-9920
Facility Name: Grayburg Jackson, Tract MB, Well 16-P	Facility Type: Well's Flow Line [to Tank Battery]

Surface Owner: Bureau of Land Management	Mineral Owner: Mineral Management Service	Lease No.: NM-0467934
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LOCATION OF RELEASE

Unit Letter P	Section 27	Township 17S	Range 30E	Feet from the	North/South Line	Feet from the	East/West Line	County: EDDY
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Latitude: 32.79898 N Longitude: -103.95858 W

Release # 202

NATURE OF RELEASE

Type of Release: Well Fluid [full-stream production]	Volume of Release: +/- 4 bbl	Volume Recovered: Zero bbl
Source of Release Flow line Integrity failure	Date and Hour of Occurrence: 5/29/2009 - At Unknown Hour	Date and Hour of Discovery: 5/29/2009 - 1000 hrs
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Facsimile to District 2 Office	
By Whom?	Date and Hour	
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.\*


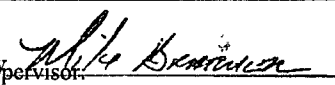
Describe Cause of Problem and Remedial Action Taken.\*

Short Horizontal Split in 3-inch poly-flow line.. Discovery made during activity related to replacement of old line..  
Due to prior leaks, higher grade of new 3-inch poly flow line was installed..

Describe Area Affected and Cleanup Action Taken.\*

Ground surface of approx 252-sq ft area [12-feet long (x) 21-feet wide] adjacent to flow line.. Estimated Volume of 9.5 y<sup>3</sup>..  
Will delineate by back-hoe excavation, collect discrete soil samples, analyze for Total Chlorides and T-P-H, load & haul contaminated soils to Disposal site..

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: MARK WEATHERLY	Approved by District Supervisor: 	
Title: Environmental / Regulatory Coordinator	Approval Date: JUN 09 2009	Expiration Date:
E-mail Address: Mark@SBEnergy.com	Conditions of Approval: REMEDIATION PER NMOCD Rules & Guidelines	Attached <input type="checkbox"/>
Date: 05/29/2009	Phone: 281.537-9920, X-120	

\* Attach Additional Sheets If Necessary

NMLB 0916141259

2RP-316

**Bratcher, Mike, EMNRD**

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**From:** Mark Weatherly [mark@sbenergy.com]  
**Sent:** Friday, May 29, 2009 3:08 PM  
**To:** Bratcher, Mike, EMNRD  
**Subject:** C-141 form -  
**Attachments:** C-141\_Initial-2.doc

Mr. Bratcher,

Attached is the referenced document, completed and signed..

<<...>>

This was a second event adjacent to the release reported last week..

As indicated, a new flow line has been installed..

Thank you,

Mark Weatherly  
Environmental / Regulatory Coordinator  
Southern Bay Operating, LLC  
281.537-9920, x.120 - Office

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This inbound email has been scanned by the MessageLabs Email Security System.

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**Bratcher, Mike, EMNRD**

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**From:** Mark Weatherly [mark@sbenergy.com]  
**Sent:** Wednesday, June 10, 2009 8:02 AM  
**To:** Bratcher, Mike, EMNRD  
**Subject:** Cell # 713-569-7472

Cell # 713-569-7472

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**From:** Mark Weatherly [mailto:mark@sbenergy.com]  
**Sent:** Wednesday, June 10, 2009 8:59 AM  
**To:** 'mike.bratcher@state.nm.us'  
**Subject:** C-141 form, Southern Bay Operating - Soil Sampling prior to Clean Fill-In

Mr. Bratcher,

Excavation & haul to Disposal is complete, have purchased virgin material from BLM as directed..

Would like to sample, submit to Hobbs lab for 24 turn-around on analyses, and have a results report e-mailed to you –  
Can also sample BLM material, if need be..

Please call my Cell # to confirm – Thanks!

Mark Weatherly  
Environmental / Regulatory Coordinator  
Southern Bay Operating, LLC  
281.537-9920, x.120 - Office

*6/10/09: OK to pull confirmation samples*