

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

Form C-141
Revised March 17, 1999

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

30-015-02078 Release Notification and Corrective Action

MLB 05040 31814 OPERATOR Initial Report Final Report

| | |
|---|-------------------------------|
| Name of Company SMITH & MARRS, INC. | Contact Dalton Bell |
| Address 811 Bullock Artesia NM 88210 | Telephone No. 505-748-2134 |
| Facility Name Twin Lakes # 13 | Facility Type Water Line |

| | | |
|------------------------|------------------------|--------------------|
| Surface Owner State | Mineral Owner State | Lease No. B-647 |
|------------------------|------------------------|--------------------|

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|-----------------------|-----------------------|-----------------------|---------------------|----------------|
| Unit Letter K | Section 28 | Township 18S | Range 28E | Feet from the 1330 | North/South Line S | Feet from the 2310 | East/West Line W | County Eddy |
|------------------|---------------|-----------------|--------------|-----------------------|-----------------------|-----------------------|---------------------|----------------|

NATURE OF RELEASE

| | |
|--|---|
| Type of Release Produced Water | Volume of Release 20 Bbls. |
| Source of Release Water Line Leak | Date and Hour of Occurrence 2-3-05 |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? |
| 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.*

Describe Area Affected and Cleanup Action Taken.*
Brought in Soil as Planned. Filled to Aprox 12 inches above Ground Level. Built Berm around area to prevent water from standing,
Final Report.

RECEIVED
DEC 13 2005
OIL-ARTESIA

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>Dalton Bell</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Dalton Bell | Approved by Distric Supervisor: TIM GUM by MB | <i>Mike [Signature]</i> |
| Title: Agent | Approval Date: 1/23/06 | Expiration Date: N/A |
| Date: 12-13-05 Phone: 748-2134 | Conditions of Approval: N/A <i>Final Report</i> | Attached <input type="checkbox"/> |

Attach Additional Sheets if Necessary