

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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 August 8, 2011

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

Submit 1 Copy to appropriate District Office in
accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

n.JMW 1228440835

OPERATOR

Initial Report Final Report

Name of Company	LRE Operating, LLC <i>281994</i>	Contact	Michael Barrett
Address	1111 Bagby Street Suite 4600 Houston, TX 77002	Telephone No.	575-623-8424
Facility Name	Karlsbad Corral Central Battery	Facility Type	Production / Injection

Surface Owner	State	Mineral Owner	State	API No.	30-015-33324
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
O	02	25 S	29 E	330'	FSL	1980'	FEL	Eddy

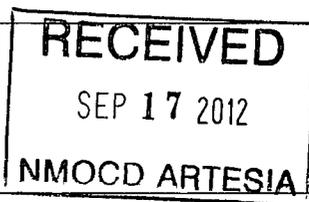
Latitude 32.152898915 Longitude 103.953089064

NATURE OF RELEASE

Type of Release	P/W	Volume of Release	92 bbls	Volume Recovered	70 bbls
Source of Release	Broken Nipple on Triplex	Date and Hour of Occurrence	9/4/12 A.M.	Date and Hour of Discovery	9/4/12 @ 11:30 am
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Mike Bratcher		
By Whom?	Michael Barrett	Date and Hour	9/5/12 @ 11:00 am		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	N/A		

If a Watercourse was Impacted, Describe Fully.*
N/A

Describe Cause of Problem and Remedial Action Taken.*
1/4" nipple cracked on triplex pump.
Used Hydro Vac to pick up heavily contaminated surface soil.
Work plan will be submitted after soil samples are obtained.



Describe Area Affected and Cleanup Action Taken.*
Standing fluid was contained inside battery berms.
All standing fluid was picked up.

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>[Signature]</i>	OIL CONSERVATION DIVISION	
Printed Name: Michael Barrett	Approved by Environmental	Signed By <i>[Signature]</i>
Title: Production Supervisor	Approval Date: OCT 10 2012	Expiration Date:
E-mail Address: mbarrett@limerockresources.com	Conditions of Approval.	Attached <input type="checkbox"/>
Date: 09/05/2012 Phone: 575-623-8424	Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN:	

* Attach Additional Sheets If Necessary

Nov. 10, 2012

2RP-1310