

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 October 10, 2003

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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

| | | | |
|-----------------|--|---------------|----------------|
| Name of Company | SOUTHWEST ROYALTIES, INC. | Contact | Dawn M. Howard |
| Address | 6 Desta Drive, Ste 2100, Midland, TX 79701 | Telephone No. | 432/688-3267 |
| Facility Name | Skelly "20" State | Facility Type | Oil and Gas |

| | | |
|---|---|------------------------------|
| Surface Owner: State of NM / Rancher: Lin Medlin | Mineral Owner Southwest Royalties, Inc. | Lease No. NM E 7392/NM LO434 |
|---|---|------------------------------|

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| D | 20 | 9-S | 33-E | 660 | N | 660 | E | LEA |

Latitude _____ Longitude _____

NATURE OF RELEASE

WTR 50-60'

| | | | | | |
|-----------------------------|---|--|-------------------|----------------------------|-------------------|
| Type of Release | Oil and Water being approx 7 BO + 38 BW | Volume of Release | 45 - 50 | Volume Recovered | 45 |
| Source of Release | Poly line parted at previously glued connection | Date and Hour of Occurrence | 8/9/07 10:45 a.m. | Date and Hour of Discovery | 8/9/07 11:30 a.m. |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Notification given to Gary Wink as Larry Johnson was out of the office. | | | |
| By Whom? | Terry Mabrey | Date and Hour | 8/9/07 | | |
| 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.*

n/a

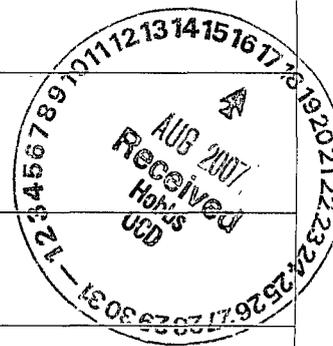
Describe Cause of Problem and Remedial Action Taken.*

All of release contained within firewall at tank battery. The leak was repaired and vacuum truck recovered fluids.

Describe Area Affected and Cleanup Action Taken.*

Backhoe will be utilized w/load of dirt.

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>Dawn Howard</i> | OIL CONSERVATION DIVISION <i>[Signature]</i> | |
| Printed Name: Dawn M. Howard | Approved by District Supervisor: ENVIRONMENTAL ENGINEER | |
| Title: Operations Assistant | Approval Date: 9.11.07 | Expiration Date: 10.12.07 |
| E-mail Address: dhoward@claytonwilliams.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: 8/10/07 Phone: 432/688-3267 | FINAL REPORT w/ DOCUMENTATION <i>Rec'd BY</i> | |

* Attach Additional Sheets If Necessary

RP# 1551