

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 | Saber Resources, Inc. | Contact | Doug Keathley |
| Address | 400 W. Illinois, Suite 950, Midland, TX 79701 | Telephone No. | (432) 685-0169 |
| Facility Name | Oberholtzer Well #1 | Facility Type | Tank Battery |
| Surface Owner | Dean Kinsolving | Mineral Owner | Fee Lease - Various Owners |
| | | API No. 30-025-07171 | |

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| B | 8 | 12S | 38E | 660 | North | 1980 | East | Lea |

Latitude N 33.29865° Longitude W 103.11710°

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|---|-------------------------|----------------------------|----------------|
| Type of Release | Oil and Water | Volume of Release | 260 | Volume Recovered | 255 |
| Source of Release | Produced Water Storage Tank | Date and Hour of Occurrence | 7/18/08 @ 1000 | Date and Hour of Discovery | 7/18/08 @ 1700 |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | Buddy Hill - OCD, Hobbs | | |
| By Whom? | Nelson Patton | Date and Hour | 7/18/08 @ 1700 | | |
| Was a Watercourse Reached? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | 07 90 2008 | | |

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

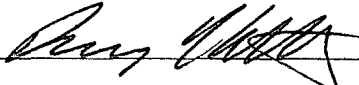
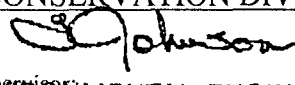
Produced water tank overflowed. Spill was primarily contained within the firewall. Approximately 255 bbl of fluid was removed from the tank battery firewall by vacuum truck. Approximately 15 bbl of oil was removed from inside the firewall and placed back in the storage tank. Approximately 240 bbl of produced water was removed from inside the firewall and hauled to an NMOCD approved disposal facility. Overspray from the spill covered a portion of the west and north firewalls, and a small area outside the firewall to the north and west of the battery. The landowner was contacted and he requested that remediation outside the firewall not be conducted.

Describe Area Affected and Cleanup Action Taken.*

All fluid was removed from within the firewall by vacuum truck. The affected west and north sides of the firewall will be covered with new caliche, and clean sand will be used to cover the affected area within the firewall. The entire area inside the firewall is lined with a 20 mil plastic liner, that passes through the sides of the firewalls.

Depth to groundwater is at approximately 25' bgs.

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: | Doug Keathley | Approved by District Supervisor:  ENVIRONMENTAL ENGINEER | |
| Title: | VP - Operations | Approval Date: | 7-30-08 |
| E-mail Address: | Doug@SaberResources.com | Expiration Date: | — |
| Date: | 7/21/08 | Conditions of Approval: | Attached <input type="checkbox"/> |
| Phone: | (432) 685-0169 | 1 RP. 1916 | |

* Attach Additional Sheets If Necessary

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