

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

RECEIVED

SEP 09 2011

NMOCD ARTESIA

Form C-141
Revised October 10, 2003

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

30-015-31164

Release Notification and Corrective Action

NMLB1125631198

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: Beeson "F" Federal, Well #29	Facility Type: Active Oil Producing Lease	
Surface Owner: Bureau of Land Management	Mineral Owner Office of Natural Resources Revenue	Lease No.: 303951

LOCATION OF RELEASE

Unit Letter A	Section 31	Township 17s	Range 30E	Feet from the 330	North/South Line N	Feet from the 330	East/West Line E	County: EDDY
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Latitude: 32.79792 N Longitude: -104.00438 W

NATURE OF RELEASE

Type of Release: PRODUCED WATER	Volume of Release: UNKNOWN	Volume Recovered: ZERO bbl
Source of Release: UNKNOWN WATER TRANSPORT - ILLEGALLY DISCHARGED	Date and Hour of Occurrence: UNKNOWN	Date and Hour of Discovery: 09/06/2011 - 1330 hrs
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? E-mail transmission - NMOCD, Artesia office,	
By Whom? Mark Weatherly, Consultant for Southern Bay	Date and Hour 09/07/2011 - 1551 hrs	
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.*

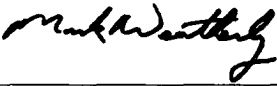

Describe Cause of Problem and Remedial Action Taken.*

Bulk Water Transport Trailer parked on lease entry road to Beeson Federal, #29 Well.. Under cover of darkness, transport's valves were opened and produced water was dumped. Unknown water volume flowed off roadbed, then downhill along both road shoulders, with minor migration into adjacent vegetated areas..

Describe Area Affected and Cleanup Action Taken.*

Residue evident after water soaked into soil, and dried out. Impacted visible ground surface of approx 1250-sq ft area total.. Will delineate by back-hoe excavation, 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: SEP 13 2011	Expiration Date:
E-mail Address: Mark@SBEnergy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 09/09/2011 Phone: 281.537-9920, X-120	Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: <u>10/13/2011</u>	

* Attach Additional Sheets If Necessary

2RP-898