

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

NM OIL CONSERVATION Form C-141
ARTESIA DISTRICT Revised August 8, 2011
Submit Copy to appropriate District Office in accordance with 19.15.29 NMAC.

APR 22 2016

RECEIVED

Release Notification and Corrective Action

DAB/1611654086 OPERATOR Initial Report Final Report

| | |
|---|--|
| Name of Company <i>Beach Exploration, Inc. 1903</i> | Contact Jack Rose |
| Address 800 N. Marienfeld, Suite 200, Midland, TX 79701 | Telephone No. 432/683-6226 |
| Facility Name Eastland Queen Unit | Facility Type Waterflood Central Battery |

| | | |
|---------------------|---------------------|----------------------|
| Surface Owner State | Mineral Owner State | API No. 30-015-25655 |
| | | Unit Number: 300337 |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| D | 1 | 19S | 29E | 990 | North | 990 | West | Eddy |

Latitude 32.6939° Longitude -104.0338°

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release Fresh Water | Volume of Release Est. 210 bbl | Volume Recovered 160 bbl |
| Source of Release Fresh Water valve washed out | Date and Hour of Occurrence Est 4/20/16 7:15 a.m. | Date and Hour of Discovery 4/20/16 9:45 |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Beach Exploration, Inc. from OCD | |
| By Whom? OCD | Date and Hour 4/20/16 10:00 a.m. | |
| 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.*
NA

Describe Cause of Problem and Remedial Action Taken.* Inlet Fresh Water motor control valve was being repaired. Supply valve at Rockhouse fresh water well NW1/4 Sec. 3 19S 29E was pinched back as a valve at the battery was also to limit water entry. Someone opened the Rockhouse valve and all that volume washed out our battery valve.

Describe Area Affected and Cleanup Action Taken.*
Rockhouse supply valve was closed. The fresh water (full stream) comes in at 2000 BWPD. We estimate it was open 2.6 hrs spilling an estimated 215 bbl fresh water. We vacuumed up 160 bbl of fresh water. We also repaired our battery berm and cleaned up our sump.

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>Jack M. Rose</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Jack M. Rose | Approved by Environmental Specialist: <i>Huber</i> | |
| Title: Engineer | Approval Date: <i>4/25/16</i> | Expiration Date: <i>NIA</i> |
| E-mail Address: bmartin@beachexp.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: 4/22/2016 Phone: 432/683-6226 | <i>closure pending</i> | |

* Attach Additional Sheets If Necessary

OLD inspection
Remediation per O.C.D. Rules & Guidelines
SUBMIT REMEDIATION PROPOSAL NO *3659*
LATER THAN: *5/26/16*