

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

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Form C-141  
Revised October 10, 2003

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

NOV 13 2007

OCD-11-11-07

Release Notification and Corrective Action

30-015-27015

OPERATOR

☐ Initial Report ☒ Final Report

|                 |                                  |               |              |
|-----------------|----------------------------------|---------------|--------------|
| Name of Company | RKI EXPLORATION & PRODUCTION     | Contact       | GENE SIMER   |
| Address         | P.O. BOX 370, CARLSBAD, NM 88221 | Telephone No. | 505-885-1313 |
| Facility Name   | SHEEP DRAW FEDERAL BATTERY #2    | Facility Type | TANK BATTERY |

|               |     |               |     |           |          |
|---------------|-----|---------------|-----|-----------|----------|
| Surface Owner | BLM | Mineral Owner | BLM | Lease No. | NM-34247 |
|---------------|-----|---------------|-----|-----------|----------|

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| C           | 33      | 22S      | 26E   |               | NE/4             |               | NW/4           | EDDY   |

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

NATURE OF RELEASE

|                             |   |   |                                      |                            |                 |
|-----------------------------|---|---|--------------------------------------|----------------------------|-----------------|
| Type of Release             | CRUDE OIL   | Volume of Release                         | 188 BLS                              | Volume Recovered           | 27              |
| Source of Release           | TANK  | Date and Hour of Occurrence               | 12:00 AM 7/16/07                     | Date and Hour of Discovery | 9:00 AM 7/16/07 |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom?                          | MIKE BRATCHER, NMOCD & JIM AMOS, BLM |                            |                 |
| By Whom?                    | GENE SIMER  | Date and Hour                             | 7/16/07 10:30 AM                     |                            |                 |
| 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.\*


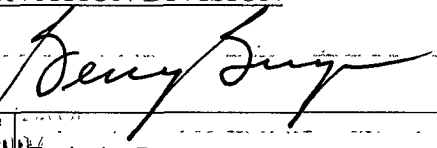
Describe Cause of Problem and Remedial Action Taken.\*

CRUDE OIL STORAGE TANK DEVELOPED A LEAK IN THE BOTTOM OF THE TANK AND LEAKED CRUDE OIL AROUND TANK BATTERY. ALL OIL WAS CONFINED INSIDE THE BURM. CALLED TRUCKS AND EMPTIED LEAKING TANK.

Describe Area Affected and Cleanup Action Taken.\*

OCTOBER 22, REMOVED ALL PRODUCTION TANKS FROM TANK PAD. ON OCTOBER 23 MOVED IN B & H TRACKHOE, FRONTEND LOADER, AND HAUL TRUCKS. EXCAVATED A TOTAL OF 1204 YARDS OF CONTAMINATED SOIL FROM OLD TANK BATTERY AREA AND HAULED SAME TO CRI DISPOSAL. ISAAC KINCAID WITH SAFETY & ENVIRONMENTAL SOLUTIONS PULLED SOIL SAMPLE FROM AREA AND DELIVERED THEM TO ARGON LABORATORIES IN HOBBS, NM. LAB ANALYSIS WAS FORWARDED TO GERRY GUYE WITH NMOCD. ON NOVEMBER 7, MR. GUYE GAVE APPROVAL TO FILL IN HOLE. ON NOVEMBER 8, B & H HAULED IN TOPSOIL PURCHASED FROM LAURIE KINCAID AND FILLED IN THE HOLE. CLEAN-UP COMPLETE. FINAL REPORT.

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: GENE SIMER   | Approved by District Supervisor:  |                                   |
| Title: PRODUCTION SUPERINTENDENT   | Approval Date: NOV 16 2007   | Expiration Date:                  |
| E-mail Address: gsimer@rkixp.com   | Conditions of Approval: 2RP-2  | Attached <input type="checkbox"/> |
| Date: 11-9-07  | Phone: 505-885-1313  |                                   |

\* Attach Additional Sheets If Necessary