

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

JUN 22 2009

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

30-015-30025

Release Notification and Corrective Action

NMLB 0916140542

256523

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company: <i>Southern Bay Operating, L.L.C.</i>	Contact: <i>Steve Collins, V.P.-Operations</i>
Address: <i>110 Cypress Station Drive, Suite 220 - Houston, TX 77090-1629</i>	Telephone No.: <i>281.537-9920</i>
Facility Name: <i>Grayburg Jackson, Tract MB, Well 16-P</i>	Facility Type: <i>Well's Flow Line [to Tank Battery]</i>

Surface Owner: <i>Bureau of Land Management</i>	Mineral Owner: <i>Mineral Management Service</i>	Lease No.: <i>NM-0467934</i>
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LOCATION OF RELEASE

Unit Letter <i>P</i>	Section <i>27</i>	Township <i>17S</i>	Range <i>30E</i>	Feet from the	North/South Line	Feet from the	East/West Line	County. <i>EDDY</i>
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Latitude: *32.79898 N* Longitude: *-103.95858 W*

NATURE OF RELEASE

Release #2 of 2

Type of Release: <i>Well Fluid [full-stream production]</i>	Volume of Release: <i>+/- 4 bbl</i>	Volume Recovered: <i>Zero bbl</i>
Source of Release <i>Flow line Integrity failure</i>	Date and Hour of Occurrence: <i>5/29/2009 - At Unknown Hour</i>	Date and Hour of Discovery: <i>5/29/2009 - 1000 hrs</i>
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <i>Facsimile to District 2 Office</i>	
By Whom?	Date and Hour	
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.*


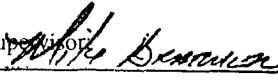
Short Horizontal Split in 3-inch poly-flow line; Installed NEW flow line..

Describe Area Affected and Cleanup Action Taken.*

Used back-hoe to delineate sub-surface & excavate sub-surface / ground surface contaminated soil..

Load & haul to disposal total of 6 cy.. Collect soil samples, submit to laboratory for TPH and Total Chloride analyses.. Review lab 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: <i>MARK WEATHERLY</i>	Approved by District Supervisor Signed By 	
Title: <i>Environmental / Regulatory Coordinator</i>	Approval Date: JUL 23 2009	Expiration Date: <i>N/A</i>
E-mail Address: <i>Mark@SBEnergy.com</i>	Conditions of Approval: <i>N/A</i>	Attached <input type="checkbox"/>
Date: <i>06/22/2009</i>	Phone: <i>281.537-9920, X-120</i>	

* Attach Additional Sheets If Necessary

NMLB 0916141259

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