

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

Form C-141
Revised August 8, 2011

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

| | |
|------------------------------------------|-------------------------------------------------------------|
| Name of Company: Sundance Services, Inc | Contact: Joe Carrillo |
| Address: 42 Sundance Ln Eunice, NM 88231 | Telephone No. 575-390-0342 |
| Facility Name: Sundance Services, Inc | Facility Type: Commercial Surface Waste Management Facility |
| Surface Owner: Bobby Wallach | Mineral Owner: Bobby Wallach |
| API No. | |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Z | 29 | 21S | 38E | | | | | LEA |

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------|
| Type of Release: Drilling Mud Containment Burst | Volume of Release: Unknown | Volume Recovered: Unknown |
| Source of Release: Drilling muds and fluids | Date and Hour of Occurrence: 12/30/2015 @ 6:00pm | Date and Hour of Discovery: 12/30/2015 @ 6:00pm |
| Was Immediate Notice Given? x <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Maxi Brown via Emergency phone number from website | |
| By Whom? Joe Carrillo | Date and Hour: 12/30/2015 @ 6:30pm | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | |

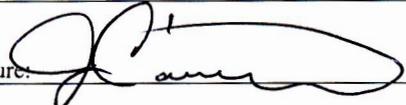
RECEIVED
By Kellie Jones at 7:28 am, Jan 05, 2016

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
We received a large amount of snow and once it began to melt it saturated the dirt containment walls, this caused the southwest containment wall to become weak and thus gave way to the weight of the liquids. The excavator operator was dispatched within 5 minutes and began to fill the area with surrounding soil to stop the spill. The operator successfully stopped the spill and reinforced the containment wall.

Describe Area Affected and Cleanup Action Taken.*
Drilling mud pit #2 & #3 southwest containment wall burst and flowed west to large pit #1. Large pit #1 became overfilled then burst the north side containment wall to small pit #1. Small pit #1 became overfilled then burst the north side containment wall to jetout/washout area and storm water retention pond. Once the jetout/washout area and storm water retention pond became full the liquids flowed into Pit #4. The spill then became stable and dormant and was contained within the Sundance Services facility footprint. While the liquids were flowing through the pits we constructed large containment berms surrounding the areas of the spill to keep any liquids from impacting surrounding areas not in the Sundance Services facility footprint. Once the spill was contained we shut down due to darkness and freezing temperatures. Cleanup began in the morning to remove liquids from unassigned areas and transferring them to assigned pits. When the liquids are removed we will then begin cleaning up the contaminated soils.

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: Joe Carrillo | Approved by Environmental Specialist:  | |
| Title: Corporate Plant Manager | Approval Date: 01/05/2016 | Expiration Date: 03/05/2016 |
| E-mail Address: josemcarrillo@yahoo.com mcarrillo@sundanceservices.com | Conditions of Approval: Site samples required. Delineate and remediate as per MNOCD guides. Geotag photographs of remediation recommended. | Attached <input type="checkbox"/> IRP-4070 |
| Date: 12/31/2015 Phone: 575-390-0342 | | |

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