

APPROVED**By Kellie Jones at 9:40 am, Jan 14, 2016**

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: Silver Spike Energy Operating of NM, LLC | Contact: Mike Evans | |
| Address: 203 W Wall Suite 920 Midland, TX 79701 | Telephone No. 432-413-6483 | |
| Facility Name: Knowles SWD #002 | Facility Type: SWD | |
| Surface Owner Fee | Mineral Owner Fee | API No. 30-025-07287 |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|----------------|------------------|--------------|----------------------|---------------------------|----------------------|------------------------|----------------|
| Unit Letter P | Section: 34 | Township: 26S | Range 38E | Feet from the 660 | North/South Line South | Feet from the 660 | East/West Line East | County: Lea |
|------------------|----------------|------------------|--------------|----------------------|---------------------------|----------------------|------------------------|----------------|

Latitude 32.8726654 Longitude -103.1286621**NATURE OF RELEASE**

| | | |
|--|---|---------------------------------------|
| Type of Release Produced Water | Volume of Release 22 bbls | Volume Recovered 0 |
| Source of Release Water tank overflow | Date and Hour of Occurrence Unknown | Date and Hour of Discovery Unknown |
| Was Immediate Notice Given? <i>PLEASE SEE ATTACHED EXHIBIT TO C141</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | |
| By Whom: | Date and Hour: | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | |

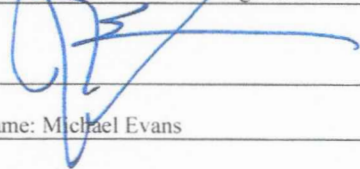

RECEIVED**By Kellie Jones at 9:40 am, Jan 14, 2016****Describe Cause of Problem and Remedial Action Taken.***

Due to the failure of the High/Low switch on the water tank and overflow occurred. SESI was contacted to remediate the site according to NMOCD guidelines.

Describe Area Affected and Cleanup Action Taken.*

The spill impacted ground surface area measuring approximately 4,923 sq. ft. and was retained to the interior of the bermed area for the battery. Custom Welding of Hobbs, NM was utilized to excavate according the approved remediation plan. SESI has remediated the site in accordance with said plan and respectfully requests closure of the regulatory file for this 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: Michael Evans | Approved by Environmental Specialist:  | | |
| Title: EHS Representative | Approval Date: 01/14/2016 | Expiration Date: // | |
| E-mail Address: Michael@silverspikeenergy.com | Conditions of Approval: // | | Attached <input type="checkbox"/> |
| Date: 12/29/15 Phone: 432-413-6483 | | | IRP-4000 |

* Attach Additional Sheets If Necessary