

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

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

### Release Notification and Corrective Action

30-015-05442

#### OPERATOR

☒ Initial Report ☐ Final Report

Name of Company: Merit Energy Company	Contact: Dwain Wall
Address: P.O. Box 69, Loco Hills N.M., 88255	Telephone No.: 505-677-2327
Facility Name: Turner B South Battery	Facility Type: Production battery
Surface Owner: BLM	Mineral Owner: BLM
Lease No.: LC-029395-B	

#### LOCATION OF RELEASE

Unit Letter E	Section 29	Township 17S	Range 31E	Feet from the	North/South Line	Feet from the	East/West Line	County Eddy
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Latitude 32.80812 Longitude 103.89658

#### NATURE OF RELEASE

Type of Release: Skim oil & produced water	Volume of Release: ~500 bbls	Volume Recovered: ~120
Source of Release: Water Tanks	Date and Hour of Occurrence: 8/31/07 01:00	Date and Hour of Discovery: 8/31/07 7:30
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Jim Amos (BLM) & Jerry Guy (OCD)	
By Whom? Jim Hollon	Date and Hour: 9/04/07 8:00	
Was a Watercourse Reached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse. ~200 bbls	

If a Watercourse was Impacted, Describe Fully.\*

The fluids breached the berm, ran across the road and immediately into an arroyo behind the battery. The arroyo ended near the Fren #23 well location, where the spill was contained.

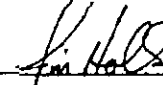
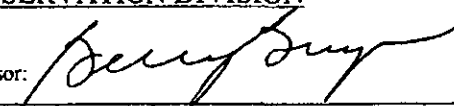
Describe Cause of Problem and Remedial Action Taken.\*

The Lovejoy connection on the water transfer pump failed, allowing the tanks to overflow. It is unknown why the alarms did not activate. The pumps and valves were repaired and or replaced, and the alarm system is being diagnosed and repaired.

Describe Area Affected and Cleanup Action Taken.\*

The release overflowed the tanks filling the firewall. As the firewall filled the fluids breached the berm running across the road and into an arroyo immediately behind the battery. The field was shut in and vacuum trucks were summoned to recover the fluids. Approximately 120 bbls were recovered. A backhoe was utilized to repair the firewall and excavate the visually affected soils that could be accessed. On 9-05-07 fresh water will be used to attempt to recover any additional hydrocarbons. Oil degrading microbes will added to the fresh water to assist in the remediation. A chloride reducing agent will be tested as well.

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: 	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Jim Hollon	Approved by District Supervisor: 	
Title: Consultant	Approval Date: SEP 6 2007	Expiration Date:
E-mail Address: jim@JHCOn.net	Conditions of Approval: <b>See Attached Stipulations</b>	Attached <input checked="" type="checkbox"/>
Date: 9-04-07	Phone: 432-631-5768	

\* Attach Additional Sheets If Necessary