

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

API# 30-015-10084
n L L B 0631150886

Release Notification and Corrective Action

OPERATOR

X Initial Report ☐ Final Report

Name of Company: Melrose Operating Co. 184860	Contact: Tony Beilman	
Address: c/o P.O. Box 953, Midland, TX 79702	Telephone No.: 214 762-0830	
Facility Name: State 647 721 #199	Facility Type: Battery	
Surface Owner: State	Mineral Owner	Lease No.:

LOCATION OF RELEASE

Unit Letter J	Section 33	Township 18S	Rang 28E	Feet from the	North/South Line	Feet from the	East/West Line	County: Lea
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Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release: structural failure @ battery 011	Volume of Release: 50 bbls	Volume Recovered: 26 bbls
Source of Release: at battery	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? _X_ Yes No <input type="checkbox"/> Not Required	If YES, To Whom? - 8:30 on 3-13-06 - occurrence/discovery. Contacted Mike Bratcher w/OCD; had vacuum truck on location @ 9:30 am same day.	
By Whom? Gary Newton	Date and Hour: 3-13-06 approximate 9:30 am	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.	

RECEIVED

MAR 24 2006

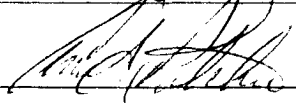

WUD-ARTESIA

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Bottom of tank - structural wear/failure. Tank repaired.

Describe Area Affected and Cleanup Action Taken.*
Area spill of approximatel 200' x 150'. Vacuum truck on location within the hour, vacuumed all free standing oil, spill area clean-fresh flushed with water. Roustabout crew with backhoe covered spill area with clean fresh caliche. The soil was rolled to get any fresh spill. The following day (3-14-06) backhoe spread & raked spill location which is rock and caliche. Work supervised and information supplied by Gary Newton with Melrose Operating Company - field representative.

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: Ann E. Ritchie	TIM GUM	
Title: Regulatory Agent	Approved by District Supervisor: by MB 	
E-mail Address: ann.ritchie@wtor.net	Approval Date: 4/9/07	Expiration Date:
Date: 3-20-06 Phone: 432 684-6381	Conditions of Approval:	Attached <input checked="" type="checkbox"/>

* Attach Additional Sheets If Necessary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Melrose Operating Company
P.O. Box 953
Midland, TX 79702
ATTN: Environmental Department

April 9, 2007

Reference: **State 647 AC 721 #199 33-18S-28E API # 30-015-10084 Eddy County, New Mexico**

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of an Initial Report Form C-141 reporting a release of produced fluids that occurred on or about March 13, 2006 at the above referenced well site. Please submit a work plan proposal (plan) for remediation, removal and/or clean up of contaminants that may be present at this site. The plan is to be formulated based on vertical and horizontal delineation of contamination, site ranking, and OCD Rules and Guidelines.

A publication outlining OCD guidelines and requirements for site ranking and spill remediation can be found on the OCD website as follows: <http://www.emnrd.state.nm.us/ocd> Click on each of the following items as they appear:

- Publications
- Environmental Handbook
- Miscellaneous Guidelines
- Remediation of Leaks, Spills and Releases

Please submit this plan to the OCD District 2 office *no later than May 9, 2007*. Please include any remedial or clean up actions that have already been performed.

Remediation requirements may be subject to other federal, state, local laws and/or regulations.

If I can be of assistance in this matter, my contact information is listed below.

Sincerely,

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
(505) 748-1283 Ext.108
(505) 626-0857
mike.bratcher@state.nm.us

Tracking number: nLLB0631105886