

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy Minerals and Natural Resources

Form C-141
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

30-015-26001
NMLB 0500428709

Release Notification and Corrective Action

Initial Report Final Report

OPERATOR

Name of Company	Merit Energy Corporation	Contact	Gene Brookshire
Address	P.O. Box 69 Loco Hills, NM 88255	Telephone No.	505-420-5497
Facility Name	Poly Flowline west of B4 Battery	Facility Type	Poly Flowline

Surface Owner	BLM	Mineral Owner	BLM	Lease No.
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from South Line	Feet from West Line	Longitude-W	Latitude-N	County
F	10	17S	31E					Eddy

NATURE OF RELEASE

Type of Release	Volume of Release	Volume Recovered
Crude Oil	<5 bbl	~3 bbl

Source of Release	Date and Hour of Occurrence	Date and Hour of Discovery
Poly flowline	12/28/04 10:30 AM	12/28/04 11:00 AM

Was Immediate Notice Given?	If YES, To Whom?
<input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> Not Required	

By Whom?	Date and Hour

Was a Watercourse Reached?	If YES, Volume Impacting the Watercourse
<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	NA

If a Watercourse was Impacted, Describe Fully*

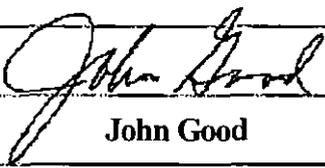
Describe Cause of Problem and Remedial Action Taken. *

Loss of integrity in poly flowline. <5-bbl release, vacuum truck recovered 3-4 bbl.

Describe Area Affected and Cleanup Action Taken. *

Majority of contaminant release went onto road right-of-way. Contaminated soil removed with backhoe (small amount near release point was removed manually), blended and stockpiled east of the B4 Battery location. Will be utilized in future as berm repair material.

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:	John Good	Approved by District Supervisor: <i>T. Gunn</i> by <i>Mike Brookshire</i>	
Title:	Consultant - SESI	Approval Date: 1/4/05	Expiration Date: N/A
E-Mail Address:	ballen@sesi-nm.com	Conditions of Approval:	
Date:	12/29/2004	Phone:	505-397-0510
			<input type="checkbox"/> Attached

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RECEIVED
JAN 04 2005
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30-015-26001

MLR0500428709 OPERATOR

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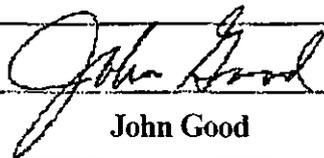
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Title:	Consultant - SESI	Approved by District Supervisor:	
E-Mail Address:	ballen@sesi-nm.com	Approval Date:	Expiration Date:
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12.29.2004