

District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Road, Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy Minerals and Natural Resources
 Oil Conservation Division
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-141
 Revised March 17, 1999
 Submit 2 Copies to appropriate
 District Office in accordance
 with Rule 116 on back
 side of form

30-015-05442 Release Notification and Corrective Action

nmcs 0315431011

OPERATOR

Initial Report Final Report

Name of Company <i>Merit Energy</i>	Contact <i>Brandon Ripley</i>
Address	Telephone No. <i>505-420-5502</i>
Facility Name <i>Turner B Premier Battery</i>	Facility Type <i>Battery</i>
Surface Owner	Mineral Owner
	Lease No.

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
<i>E</i>	<i>29</i>	<i>17</i>	<i>36</i>					<i>Eddy</i>

NATURE OF RELEASE

Type of Release <i>oil & water</i>	Volume of Release <i>275 bbl</i>	Volume Recovered <i>265 bbl</i>
Source of Release <i>oil tanks</i>	Date and Hour of Occurrence <i>5-14 10:00 AM</i>	Date and Hour of Discovery <i>5-14 10:00 AM</i>
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <i>Mike Stubbfield</i>	
By Whom? <i>Brandon Ripley</i>	Date and Hour <i>5-14 10:15 AM</i>	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

lost pressure on heaters & water ran in to oil tanks, causing to run over

Describe Area Affected and Cleanup Action Taken.*

all oil/water was contained in DYKE, picked up with vacuum truck. waiting for soil samples.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCED 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 NMOCED 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, NMOCED 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: <i>BRipley</i>	OIL CONSERVATION DIVISION	
Printed Name: <i>Brandon Ripley</i>	Approved by District Supervisor:	
Title: <i>Lease Operator</i>	Approval Date:	Expiration Date:
Date: <i>5-14</i>	Phone: <i>420-5502</i>	Conditions of Approval:
		Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary

* Enviro- LTR sent to Operator 6/3/2003.



ARDINAL LABORATORIES

PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MERIT ENERGY
ATTN: CHRIS FLORES
P.O. BOX 69
LOCO HILLS, NM 88255
FAX TO: (505) 677-2306

Receiving Date: 08/04/03
Reporting Date: 08/05/03
Project Number: NOT GIVEN
Project Name: NOT GIVEN
Project Location: TURNER B SOUTH

Sampling Date: 08/04/03
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: BC/AH

*Blend stockpile
samples.*

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/Kg)	DRO (>C ₁₀ -C ₂₈) (mg/Kg)	Cl* (mg/Kg)
ANALYSIS DATE		08/04/03	08/04/03	08/05/03
H7880-1	TURNER B SOUTH #1	14.3	1300	1260
H7880-2	TURNER B SOUTH #2	76.4	2071	1072
H7880-3	TURNER B SOUTH #3	84.4	1580	1700
H7880-4	TURNER B SOUTH #4	71.2	1330	1550
H7880-5	TURNER B SOUTH #5	106	1280	1680
Quality Control		772	787	1030
True Value QC		800	800	1000
% Recovery		96.5	98.4	103
Relative Percent Difference		2.4	1.0	3.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Cl: Std. Methods 4500-Cl'B
*Analyses performed on 1:4 w:v aqueous extracts.

Bryant P. Plake

Chemist

8/5/03

Date

H7880A.XLS

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



**ARDINAL
LABORATORIES**

PHONE (815) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MERIT ENERGY
ATTN: CHRIS FLORES
P.O. BOX 69
LOCO HILLS, NM 88255
FAX TO: (505) 677-2306

Receiving Date: 08/04/03
Reporting Date: 08/05/03
Project Number: NOT GIVEN
Project Name: NOT GIVEN
Project Location: TURNER B SOUTH

Sampling Date: 08/04/03
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: BC

LAB NUMBER	SAMPLE ID	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE		08/04/03	08/04/03	08/04/03	08/04/03
H7880-1	TURNER B SOUTH #1	<0.005	0.045	<0.005	0.721
H7880-2	TURNER B SOUTH #2	<0.005	0.064	<0.005	1.11
H7880-3	TURNER B SOUTH #3	<0.005	0.048	0.009	0.931
H7880-4	TURNER B SOUTH #4	<0.005	0.084	0.011	1.33
H7880-5	TURNER B SOUTH #5	0.005	0.279	0.084	2.54
Quality Control		0.093	0.102	0.091	0.263
True Value QC		0.100	0.100	0.100	0.300
% Recovery		93.3	102	90.7	87.6
Relative Percent Difference		0.4	5.1	3.2	2.5

METHOD: EPA SW-846 8260

Buyer & Co. Co.

Chemist

8/5/03

Date

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. **H7880-5** Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page _____ of _____

CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

ANALYSIS REQUEST

Company Name: *Merit Energy*
 Project Manager: *Chris Flores*
 Address: *P.O. Box 69* State: *NM* Zip: *88255*
 City: *MALWAAR* Phone #: *505-420-5516* Fax #:
 Project #: Project Owner:
 Project Name:
 Project Location: *Turner B South*
 Sampler Name:

Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX					DATE	TIME
				GROUNDWATER	WASTEWATER	SOIL	CRUDE OIL	SLUDGE		
<i>4780-2</i>	<i>Turner B South #1</i>			<input checked="" type="checkbox"/>					<i>8/19/03</i>	
<i>4780-3</i>	<i>#2</i>			<input checked="" type="checkbox"/>						
<i>4780-4</i>	<i>#3</i>			<input checked="" type="checkbox"/>						
<i>4780-5</i>	<i>#4</i>			<input checked="" type="checkbox"/>						

FOR LAB USE ONLY

Matrix: WASTEWATER GROUNDWATER SOIL CRUDE OIL SLUDGE OTHER:

Preserv: ICE/COOL ACID/BASE OTHER:

Sampling: DATE: *8/19/03* TIME:

Phone Result: Yes No Add'l Phone #:
 Fax Result: Yes No Add'l Fax #:

Relinquished By: _____ Date: _____ Time: _____
 Received By: (Lab Staff) _____ Date: *8/19/03* Time: *3:00 PM*
 Delivered By: (Circle One) _____
 Sampler - UPS - Bus - Other: _____

REMARKS:

PLEASE NOTE: Liability and Coverage: Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims, including those for negligence and any other claims whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including transportation, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claims are based upon any of the above stated reasons or otherwise.

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

1/22/2004

Merit Energy
Att: Kevin Bracey
P.O. Box 69
Loco Hills, N.M.

Re: Ut. E 29-17s-31e
Turner B Premier Battery.

Dear Mr. Kevin Bracey,

The Artesia Oil Conservation Division is in receipt of the initial C-141 form (copy included) dated 5/14/2003 from Merit Energy.

Please submit a work plan to the Artesia O.C.D. for correction of this release. Please use the "Guidelines For Remediation of leaks, spills, and releases" as your guide.

A copy of the Guidelines for Remediation of Leaks, Spills, and Releases, published 1993, can be found at the O.C.D. web address WWW.EMNRD.STATE.NM.US/OCD. The published document can be found on the O.C.D. web page under Publications/Environmental Handbook/Miscellaneous Guidelines/Spill Prevention Clean up.

The work plan presented to the O.C.D. must include general site characteristics, soil remediation action levels, soil remediation methods, and planned analytical, which will require testing for TPH, B-Tex.

A Final C-141 form is required for closure of the initial C-141 form filed. The Final C-141 Form filed must include a report of remediation actions taken with analytical results attached

Please have the requested work plan in the Artesia office on or before 2/6/2004.

The Artesia O.C.D. must be notified 24 hours prior to any remediation actions and/or subsequent soil samples taken for analytical.

In the event that a satisfactory response is not received to this letter further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe. Such a hearing may result in imposition of **CIVIL PENALTIES** for your violation of OCD rules.

If I can be of assistance in this matter please do not hesitate to contact me at 505-748-1283
Or E-mail me at MSTUBBLEFIELD@STATE.NM.US.

Sincerely,

copy
Mike Stubblefield

Environ. Eng. Spec.

N.M.O.C.D.

Criss
420-5506

ATT MIKE J.



PHONE (816) 973-7001 • 2111 BEECHWOOD • ABILENE, TX 79603
PHONE (505) 393-2328 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MERIT ENERGY
ATTN: CHRIS FLOREZ
P.O. BOX 68
LOCO HILLS, NM 88255
FAX TO: (505) 677-2306 &
(505) 234-1739

Receiving Date: 06/24/03
Reporting Date: 06/26/03
Project Number: NOT GIVEN
Project Name: NOT GIVEN
Project Location: TURNER B BATTERY

Sampling Date: 06/24/03
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AH
Analyzed By: BC

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/Kg)	DRO (>C ₁₀ -C ₂₈) (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE:		06/25/03	06/25/03	06/25/03	06/25/03	06/25/03	06/25/03
H7758-1	TOP	801	12060	2.29	16.4	2.61	44.8
H7758-2	12"	60.7	1460	0.144	0.621	0.171	1.39
H7758-3	24"	<10.0	113	<0.005	<0.005	<0.005	0.035
H7758-4	TOP WEST SIDE	2780	18030	0.550	15.2	25.7	80.2
H7758-5	12" WEST	165	980	0.267	2.45	2.34	4.60
H7758-6	24" WEST	<10.0	112	0.013	0.101	0.151	0.339
H7758-7	36" WEST	<10.0	85.3	0.011	0.014	0.027	0.051
Quality Control		624	797	0.097	0.097	0.090	0.262
True Value QC		800	800	0.100	0.100	0.100	0.300
% Recovery		103	99.6	96.8	97.2	90.1	67.2
Relative Percent Difference		3.6	12.1	6.7	2.6	2.4	1.7

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8260.

Burgess J. A. Cooke
Burgess, J. A. Cooke, Ph. D.

6/26/03
Date

H7758AJLS

PLEASE NOTE: Liability and Damages. Cardinal's liability and CDL's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profit incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated theories or otherwise.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

2/25/2004

Merit Energy Company
12222 Merit Drive, ste. 1500
Dallas, TX 75251

Re: Work plan approval letter
Sec. 29-17s-31e Turner B South Battery

Dear Merit Energy Company,

O.C.D. has received a work plan from your agent Safety & Environmental Solutions for the Turner B South battery. The work plan as presented for the remediation of a 275 bbls produced fluids release with-in the diked area of the facility.

The Work plan as presented to O.C.D. is approved with the following stipulations added:

1. Please notify O.C.D. before remediation actions are to be taken or soil samples are taken for analytical therefore giving O.C.D. the opportunity to witness.
2. Highly saturated soils should be disposed of at O.C.D. approved soil waste facility
3. The RRAL of 5000 mg/kg is accepted as the correction action level for TPH.
4. The documentation of Chlorides through analytical showing a decline is required.
5. The work plan as presented to O.C.D. shall begin actions as approved by this letter no later than 3/25/2004 for the Low-lying area to the west of the stock tanks. This area shall have correction completed by no later than 6/25/2004. All other sections of the tank battery as mentioned in the work plan shall have corrective actions begin as approved in this work plan no later than 6/25/2004 and shall have corrective actions completed by 9/25/2004.

If I can be of assistance in this matter please do not hesitate to contact me at 505-748-1283 or E-Mail me at mstubblefield@state.nm.us.

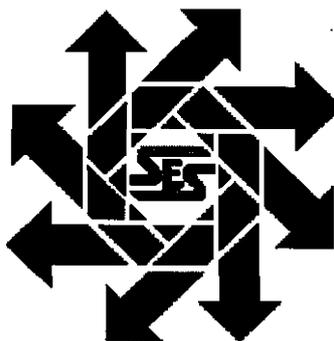
Sincerely,

Mike Stubblefield
Environ Eng. Spec.
N.M.O.C.D.

Cc. Safety & Environmental Solutions, Inc.

**Merit Energy
Turner B South Battery
Work Plan
Section 29, Township 17S, Range 31E
Eddy County, New Mexico**

February 13, 2004



Prepared for:

**Merit Energy
P.O. Box 69
Local Hills, New Mexico 88255**

By:

***Safety & Environmental Solutions, Inc.
703 E. Clinton Suite 102
Hobbs, New Mexico 88240
(505) 397-0510***

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I. Purpose

The purpose of this work plan is to propose a plan for the cleanup of the area identified as the Turner B South Battery Site. The site is located in Section 29, Township 17S, Range 31E, Eddy County, New Mexico. (Vicinity Map)

II. Background

The subject site is a tank battery area, which is used for the storage of fluids produced from the wells associated with this lease. On May 14, 2003 the oil tank leaked produced fluids onto the ground inside the bermed area of the battery. Approximately 275 barrels of fluid was released and approximately 265 barrels was recovered.

III. Contaminant and Size of Area

The suspected contaminant is produced fluids with the tank battery at the site. The release went into the berm and overflowed to a low lying area to the west. (Site Plan)

IV. Vertical and Horizontal Extent of Contamination

The vertical and horizontal extent of the contamination will be determined during excavation.

V. Groundwater

There is no groundwater of record in the area according to information received from the New Mexico State Engineer.

VI. Action Plan

Based on visual observations, the cleanup level reached by the application of the **"Guidelines for Remediation of Leaks, Spills and Releases"** *New Mexico Oil Conservation Division* – August 13, 1993 (Guidelines) to this site is 5000 ppm TPH. Application of the NMOCD's ranking criteria for contaminated soils at this site is presented below.

Depth to Ground Water:	0 points
Distance to Well Head or Water Source:	0 points
Distance to Surface Water/Waterways:	0 points
<hr/> Total Score:	0 points

SESI proposes that all fluids be removed from the berm area and the highly contaminated and or saturated soils be excavated and moved to the well location east of the site. The excavated soils will be blended with clean soils from off site to a TPH level no greater than 5,000 PPM. The excavation will be backfilled with the blended soils and returned to grade. Samples will be retrieved at the final excavation depth and from the blended soils. Field-testing for Total Petroleum Hydrocarbons (TPH) will be performed on soil samples (EPA Method 418.1) using a GAC Mega Total Petroleum Hydrocarbon analyzer. The final samples collected will be preserved on ice and delivered along with Chain of Custody to Cardinal Laboratories for testing. Laboratory samples will be

analyzed for Total Petroleum Hydrocarbons (EPA Method 418.1), BTEX (EPA Method SW-846-8260), and Chlorides (EPA Method 4500-Cl⁻B)

The area to the west will be divided into two (2) sections and the highly contaminated and or saturated soils will be excavated and moved to the well location west of the battery. The excavated soils will be blended with clean soils from off site to a TPH level no greater than 5,000 PPM. The excavation will be backfilled with the blended soils and returned to grade. Samples will be retrieved at the final excavation depth and from the blended soils. Field-testing for Total Petroleum Hydrocarbons (TPH) will be performed on soil samples (EPA Method 418.1) using a GAC Mega Total Petroleum Hydrocarbon analyzer. The final samples collected will be preserved on ice and delivered along with Chain of Custody to Cardinal Laboratories for testing. Laboratory samples will be analyzed for Total Petroleum Hydrocarbons (EPA Method 418.1), BTEX (EPA Method SW-846-8260), and Chlorides (EPA Method 4500-Cl⁻B).

This work plan is intended to be performed in three phases. The time frame for this project is expected to be one to one and ½ years. This time frame allows the cost of the project to be spread over a like period of time.

VII. Figures & Appendices

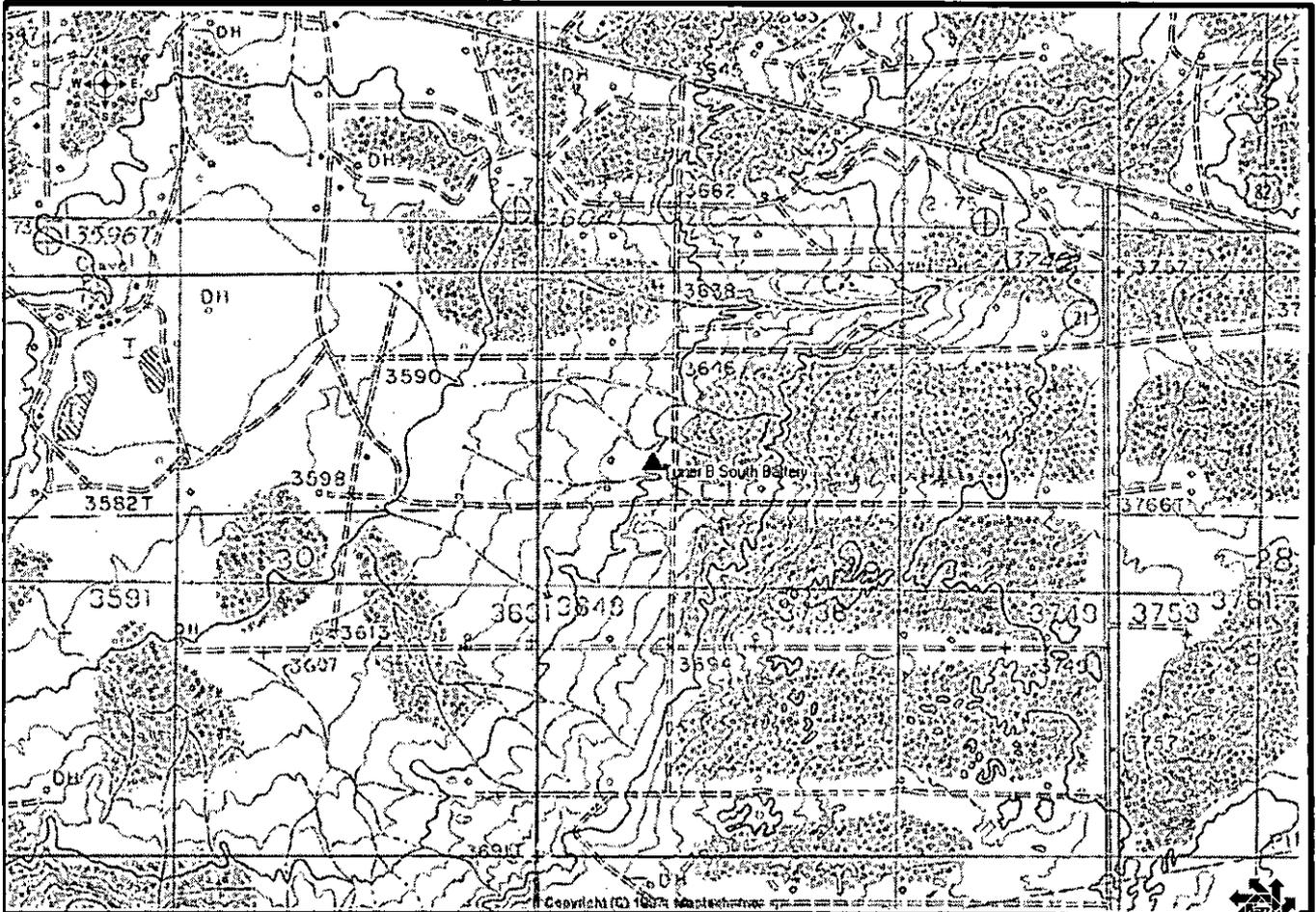
Figure 1. Vicinity Map

Figure 2. Site Plan

Appendix A C-141

Appendix B Site Photos

Figure 1
Vicinity Map



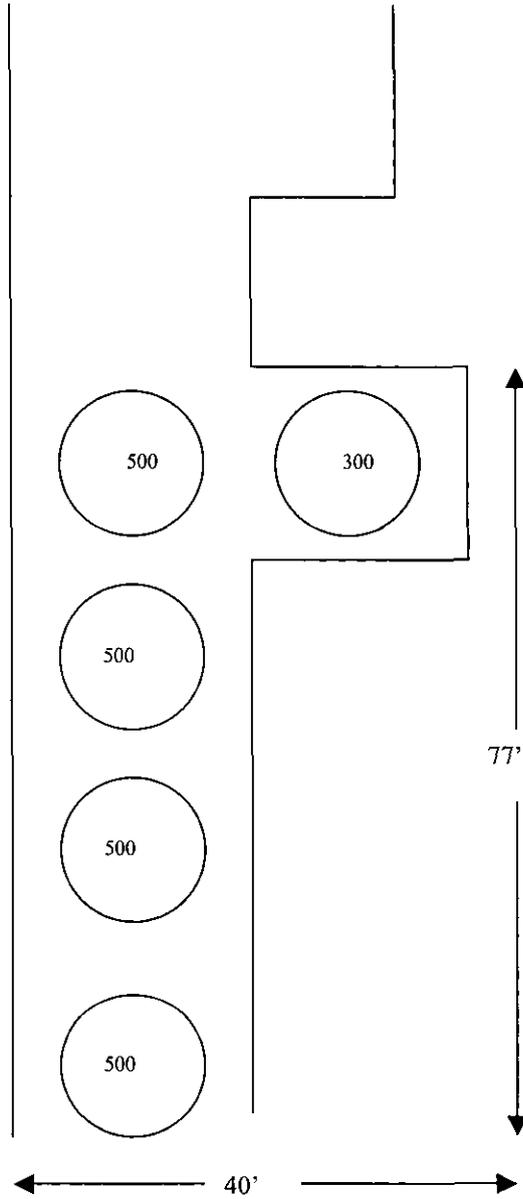
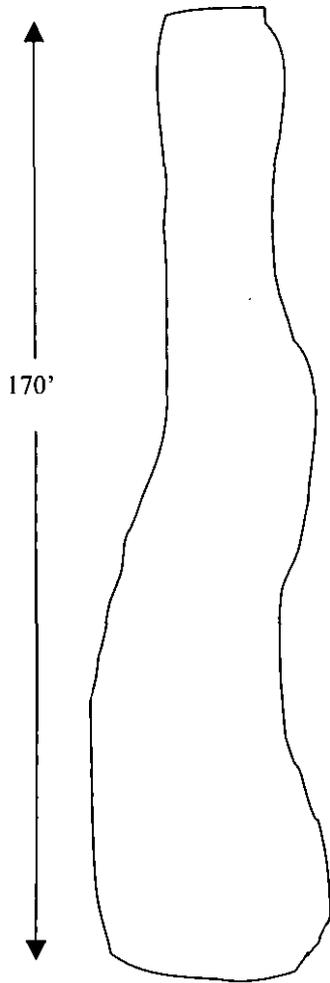
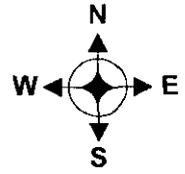
Merit Energy

Turner B South Battery
S29, T17S, R31E
Eddy County, New Mexico

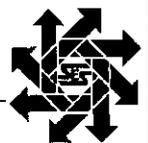
Safety & Environmental Solutions, Inc.



Figure 2
Site Plan



Not to Scale



Merit Energy

Turner B South
Sec. 29, T17S, R31E
Eddy County, New Mexico

Safety & Environmental
Solutions, Inc.

Appendix A
C-141

Appendix B
Site Photos