

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

Form C-141  
 Revised October 10, 2003

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

MAY 21 2008  
 OGD-ARTESIA

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

**184860**  
**Release Notification and Corrective Action**

**OPERATOR**  Initial Report  Final Report

Name of Company: Melrose Operating Co. Contact: Tony Beilman  
 Address: 1000 W. Wilshire, Ste. 223, Oklahoma City, OK 73116 Telephone No.: 214 762-0830  
 Facility Name: Rotary State Facility Type: Battery, flowline

Surface Owner: State Mineral Owner Lease No.:  
**30 015 01963**

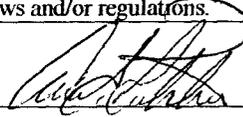
LOCATION OF RELEASE								
Unit Letter	Section	Township	Rang	Feet from the	North/South Line	Feet from the	East/West Line	County:
G	20	18S	28E	2100	North	1980	East	Eddy

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

Type of Release: flowline junction	Volume of Release: n/a	Volume Recovered: n/a
Source of Release: at battery	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? How notified: April 2, 2008 routine OCD inspection	
By Whom?	Date and Hour:	
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.* flowline leak, wellhead		
Describe Area Affected and Cleanup Action Taken.* As per OCD notice: soil staining east end of location; staining ran across road and slightly into pasture on north side of location. Melrose daily report pertaining to clean up attached.		

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: Ann E. Ritchie	Accepted for record <b>NMOCD</b>	
Title: Regulatory Agent	Approval Date: _____	Expiration Date: _____
E-mail Address: ann.ritchie@wtor.net	Conditions of Approval: <u>SEE CRITERIA</u>	Attached <input checked="" type="checkbox"/>
Date: 05-16-08 Phone: 432 684-6381		

\* Attach Additional Sheets If Necessary

REI 0809427795

2 RP-174

**Melrose Operating Company**

**WORKOVER AND COMPLETION REPORT**

Lease: **Rotary State** Well No. # 4 Date: 5/6/2008  
 Field: County: Eddy State: NM  
 Contractor T-N-T Services Supervisor G.L.Newton  
 Summary: Backhoe and gang dig out around flowline junction, and location spill area, on road. Removed 2 trk loads contaminated dirt, to be onsite remediated layed out on 20mil plastic sheeting, mixed with cow manure. Dug out around wellhead removed soil, Back fill with clean earthand level.

	DAILY	CUM.		DAILY	CUM.
Daily Costs			Tubulars:		
Road & Location			Wellhead Equipment		
Rig Costs			Subsurface Equip.		
Equipment Rental			Sucker Rods		
Logging & Perforating			Tanks		
Stimulation			Pressure Vessels		
Testing			Flowlines		
Cementing			Installation/Labor		
Completion Fluids:			Fitting, Valves, etc...		
Contract Services			Meters, etc.		
Misc. Supplies			Electrical Equipment		
Engr. & Supervision					
Trucking					
Other					
<b>Totals</b>		<b>0</b>	<b>TOTALS:</b>	<b>0</b>	<b>0</b>

**WELL RECORD**

Pulled from well					Equipment	Run in well				
1" 7/8"	3/4"	5/8"	99-3/4		Sucker Rod Count	1 "	7/8"	3/4"	5/8"	
Rod Subs						Rod Subs				
API Pump Size		2x1.5x10 trv/bbl			Pump	API Pump Size				
Depth					Tubing Bottom	Depth				
Length					Gas or Mud Anchor	Length				
Length		Size & No. Holes			Perforated Nipple	Length		Size & No. Holes		
Size	Type	Depth			Seating Nipple	Size	Type	Depth		
Length		Joints			Tubing Count	Length		Joints		
Tubing Size		WT/Grade/Thread				Tubing Size		WT/Grade/Thread		
Type	Depth			Miscellaneous	Type	Depth				

**NOTES:**

	DAILY	CUM.		DAILY	CUM.
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# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

Mark Fesmire  
Division Director  
Oil Conservation Division



*CERTIFIED MAIL—RETURN RECEIPT REQUESTED*  
7007 2680 0001 6451 2636

May 30, 2008

Melrose Operating Company  
1000 West Wilshire, Ste 223  
Oklahoma City, OK 73116

RE: C-141 and Remediation Work Plan  
Rotary State 004 G-20-18S-28E  
30-015-01963 Eddy County, New Mexico  
**2RP-174**

Operator;

The New Mexico Oil Conservation Division District 2 office (OCD) is in receipt of an initial report C-141 (received by OCD on May 21, 2008) and a summary of actions.

As submitted, the Initial Form C-141 is incomplete and insufficient. The report does not give indication of the type of release, volume released, date of occurrence, etc. As presented, the Initial Form C-141 cannot be approved and is accepted for record only. Please re-submit an Initial Report C-141 on or before **June 13, 2008**.

A summary report attached states "...Removed 2 trk loads contaminated dirt, to be onsite remediated layed out on 20 mil plastic sheeting, mixed with cow manure..." The plan as presented to remediate excavated soils on site is denied. An alternate remediation work plan based on delineation to address the contamination must be presented to OCD.

Further discussion of remediation techniques, site ranking criteria, remediation action levels and alternative methods for remediation may be found on our website. You are encouraged to use the OCD publication entitled "Remediation of Leaks, Spills and Releases" as a guide during your remediation of this location. This guide may be found on our web site at: <http://www.emnrd.state.nm.us/oed/EH-MiscGuidelines.htm>

Please submit the soil analytical results and alternate remediation work plan on or before **June 20, 2008**.

Thank you for your attention to this matter. If I can be of assistance or should you have any questions/concerns, please don't hesitate to contact me.

Respectfully,

A handwritten signature in black ink, appearing to read "Sherry Bonham", is written over a horizontal line.

Sherry Bonham  
NMOCD District 2  
1301 W Grand Avenue  
575.748.1283 Ext. 109  
sherry.bonham@state.nm.us

