

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

JUL - 7 2008
OCD-ARTESIA

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

Release Notification and Corrective Action

SEB0819640641

OPERATOR

X Initial Report Final Report Subsequent Report

Name of Company: Melrose Operating Co. <i>184860</i>	Contact: Tony Beilman
Address: c/o P.O. Box 953, Midland, TX 79702	Telephone No.: 214 762-0830
Facility Name: State 647-711 (30 015 02071)	Facility Type: Battery Water Station

Surface Owner: State	Mineral Owner	Lease No.:
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LOCATION OF RELEASE

Unit Letter G	Section 28	Township 18S	Rang 28E	Feet from the North	North/South Line North	Feet from the East	East/West Line East	County: <i>Eddy</i>
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Latitude _____ Longitude _____

NATURE OF RELEASE

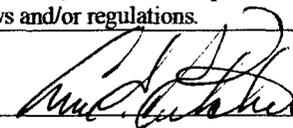
Type of Release: Water Station	Volume of Release: +/- 12 bbls	Volume Recovered: +/- 6 bbls
Source of Release: Check Valve at intake manifold-produced water	Date and Hour of Occurrence 6-27-08	Date and Hour of Discovery 6-27-08
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour: 6-27-08 approx. 4 pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Check Valve at the intake manifold for the water station started leaking. Lost approximately 12 bbls produced water. Contacted Mike Bratcher w/OCD.

Describe Area Affected and Cleanup Action Taken.*
I & W vacuum truck removed free standing water. MWI made repair to check valve ad nipple. Water stayed on bladed area of pad, backhoe used to back drag area. Request to take samples of soil and apply Reef Chemicals "Retrieve" to remediate chlorides, will re-sample every 2 weeks and apply 2nd application and continue to monitor for 2 weeks, if no drop in chlorides will dig up and remove dirt to disposal. Will submit copies of samples to OCD.

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	Approved by District Supervisor: <i>TGum by SB</i>	Remediation Actions to be completed and Final C-141 submitted with confirmation analyses/documentation on or before the Expiration Date.
Title: Regulatory Agent	Approval Date: <i>7-14-08</i>	Expiration Date: <i>9-19-2008</i>
E-mail Address: ann.ritchie@wtor.net	Conditions of Approval: <i>STIPULATIONS LETTER ATTACHED</i>	Attached <input checked="" type="checkbox"/> <i>ZRP-195</i>
Date: 6-30-08 Phone: 432 684-6381		

* Attach Additional Sheets If Necessary
SEB 0819640763

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



July 14, 2008

Melrose Operating Co
PO Box 953
Midland, TX 79702

Reference: State 647 AC 711 #027 30-015-02071
G-28-18S-28E Eddy County, New Mexico
2RP-195

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of an Initial Report C-141 for a release of produced water occurring at the above referenced facility on June 27, 2008. Stated on the C-141 is, "Request to take samples of soil and apply Reef Chemicals 'Retrieve' to remediate chlorides, will re-sample every 2 weeks and apply 2nd application and continue to monitor for 2 weeks, if no drop in chlorides will dig up and remove dirt to disposal. Will submit copies of samples to OCD."

The Initial Report C-141 is accepted with the following stipulations:

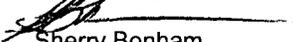
- Prior to application of the product 'Retrieve' by Reef Chemicals (product), delineation for constituents of concern (CoCs) must be accomplished. The preliminary analytical report shall be submitted to the OCD.
- Notify the OCD 48 hours prior to obtaining samples (preliminary, confirmation, and all additional) where analyses are to be submitted to the OCD.
- Upon completion of the preliminary delineation and after initial application of product, operator has approximately six weeks to demonstrate success/failure of product to "remediate chlorides".
- Provide 48 hour notification to OCD prior to application of product.
- Contaminated soils shall be remediated so that residual contaminant concentrations are below the site specific recommended soil remediation action levels. Confirmation delineation soil analyses reflecting chloride, TPH, and BTEX will be required.
- Remediation requirements may be subject to change as site conditions warrant.
- Results of analytical data obtained through sampling shall be forwarded to OCD for approval **prior** to any backfilling activities.
- Final remediation actions are to be completed and a Final Report C-141 with supporting documentation is to be submitted to the OCD on or before September 19, 2008.

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

Please be advised that NMOCD acceptance and/or approval of documents or work plans 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 and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further assistance regarding this matter or if you have any questions, please feel free to contact me.

Respectfully,


Sherry Bonham
NMOCD District 2
1301 W Grand Avenue
Artesia, NM 88210
575.748.1283 ext. 109
sherry.bonham@state.nm.us

