

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

OCT 05 2009

Form C-141
Revised October 10, 2003

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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Melrose Operating Company <i>184860</i>	Contact Michael J. Corjay
Address 1000 W. Wilshire Blvd., Suite 223	Telephone No. 405-848-4012
Facility Name State 647 AC711 #89	Facility Type

Surface Owner	Mineral Owner	Lease No.
---------------	---------------	-----------

30-015-02055

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
K	27	18S	28E	2310	S	1650	W	EDDY

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release Injection Water	Volume of Release 40 bbls	Volume Recovered 40 bbls
Source of Release Injection Line on well #89	Date and Hour of Occurrence 9/29/09 @ 11:30 a.m.	Date and Hour of Discovery 9/29/09
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Sherry Bonham	
By Whom? Gary Newton	Date and Hour 9/29/2009	
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.*
Injection line break. Break was repaired.

Describe Area Affected and Cleanup Action Taken.*
100 ft of line right of way that ended at Oxy's Crocket #27 on a 50'x50' area.
Cleanup consisted of using vac truck and a backhoe to spread dirt to absorb material.

Plan is to treat soil with chemical product from Reef Chemical. Will apply chemical until desired levels are achieved. Should chemical application not be successful, soil will be removed and continue to test until OCD is satisfied with results. OCD will be notified 48 hours prior to taking of 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 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: <i>Linda Terry</i>	OIL CONSERVATION DIVISION	
Printed Name: Linda Terry	Approved by District Supervisor: <i>Linda Terry</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>10-20-09</i>	Expiration Date: <i>12-31-09</i>
E-mail Address: lterry@melroseenergy.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 10/2/2009 Phone: 405-848-4012	SEE ATTACHED STIPULATIONS	<i>2RP - 356</i>

* Attach Additional Sheets If Necessary

5EB0930032495
1980930032501
5EB0930033144



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



October 27, 2009

Melrose Operating Co
PO Box 953
Midland, TX 79702

Reference: State 647 AC 711 #89 30-015-02055
K-27-18S-28E Eddy County, New Mexico
2RP-356

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 September 29, 2009. Stated on the C-141 is, "Plan is to treat soil with chemical product from Reef Chemical. Will apply chemical until desired levels are achieved. Should chemical application not be successful, soil will be removed and continue to test until OCD is satisfied with results."

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 December 31, 2009.

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

