



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
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Mark Fesmire
Division Director
Oil Conservation Division



March 17, 2010

Melrose Operating Company
Michael J Corjay
20333 State Highway 249, Suite 310
Houston, TX 77070

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

Dear Mr. Corjay,

On October 5, 2009, the New Mexico Oil Conservation Division (NMOCD) Artesia District 2 Office received from Melrose Operating Company (Melrose) a Release Notification and Corrective Action Form C-141. The C-141 indicated that there had been a release of injection water. Included on the C-141 was a plan to "...treat soil with chemical product...until desired levels are achieved."

October 6, 2009, operator conducted sample event. On December 28, 2009, NMOCD District 2 received the preliminary analyses of the October 6, 2009 sample date.

On October 27, 2009, NMOCD District 2 accepted the Initial C-141 and outlined stipulations in a letter dated October 27, 2009. Final remediation actions were to be completed with final reports and supporting documentation to be submitted to the OCD on or before December 31, 2009.

Melrose procured the services of TNT Backhoe Services to obtain soil samples on December 18, 2009. On December 28, 2009, NMOCD District 2 received the analyses of the December 18, 2009 sample date.

19.15.29 NMAC governs releases. Part 29.11 requires the responsible person to complete division-approved corrective action for releases that endanger public health or the environment, in accordance with a remediation plan or an abatement plan.

Based on the analytical of the sample event (December 18, 2009) and rule 19.15.29 NMAC, **the operator must submit a remediation proposal** (plan). The remediation plan must include a site investigation plan including the horizontal and vertical delineation of the contamination. Within 30 days, on or before April 17, 2010 completion of a remediation plan should be finalized and a report summarizing



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all actions taken to mitigate environmental damage related to the leak, spill or release shall be provided to the OCD for approval.

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,



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cc: Gary Newton