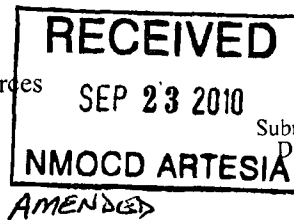


District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St. Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-141
Revised October 10, 2003

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

30-015-30149

Release Notification and Corrective Action

nMLB 1027040333

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company	Merit Energy Company 14591	Contact	Gene Holt
Address	13727 Noel Rd, Suite 500 Dallas TX 75240	Telephone No.	432-683-0034
Facility Name	West Shugart 19-1,3,4,5,7 Battery	Facility Type	Production

Surface Owner	BLM	Mineral Owner		Lease No.	NM 93772
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
N	19	18S	31E	660	South	1980	West	Eddy

Latitude 32.732 Longitude 103.9101

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release	180 bbls +/- JS	Volume Recovered	130 bbls
Source of Release	Produced Water Tank	Date and Hour of Occurrence	9-16-10 4:00 PM	Date and Hour of Discovery	9-16-10 4:00 PM
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
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 *Lightning strike fiberglass produced water tank and catch on fire. Tank burn down and release produced water inside dike area Loco Hills Fire Dept. put out fire. Vacuum truck pick up produced water inside dike area and haul to disposal

Describe Area Affected and Cleanup Action Taken.* Spill contained inside dike area. Remove burnt tank and contaminated top soil. Haul to certified land farm Till in high nitrogen fertilizer. Note: 42' x 105' area south of the battery outside of the dike was found to be impacted 1/4" deep by the release also. JS.

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.

OIL CONSERVATION DIVISION

Signature	Approved by District Supervisor		
Printed Name: Joel Sisk	Signed By: <i>Joel Sisk</i>		
Title: Production Foreman	Approval Date: SEP 27 2010	Expiration Date:	
E-mail Address: joel.sisk@meritenergy.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 9-23-10 Phone 575-394-2574	REMEDATION per OCD Rules and Guidelines. SUBMIT REMEDIATION PROPOSAL BY: 10/27/2010		

* Attach Additional Sheets If Necessary

PMLB 1027040807

2RP-435