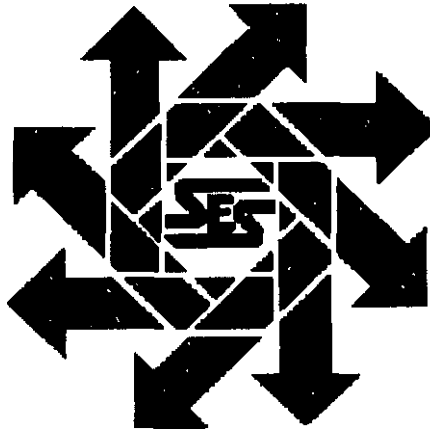


**Merit Energy
Turner B-1 Oil Well
Final C-141 Closure Documentation
Unit P, Section 17, Township 17S, Range 31E
Eddy County, New Mexico**

January 6, 2005



Prepared for:

**Merit Energy
P.O. Box 69
Loco Hills, N.M. 88255**

By:

***Safety & Environmental Solutions, Inc.
703 E. Clinton Suite 102
Hobbs, New Mexico 88240
(505) 397-0510***

RECEIVED

JAN 20 2005

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I Company Contacts

Gene Brookshire	Merit Energy	505-677-2327	Gene.brookshire@meritenergy.com
Bob Allen	SESI	505-397-0510	ballen@sesi-nm.com
John Good	SESI	505-631-3277	Jcgood4614@aol.com

II Background

The release location is in the immediate area of the Merit Energy Turner B #1 Oil Well. This well is located in UL-P, Section 17 Township 17S Range 31E, Eddy County, New Mexico.

The release at this location occurred at approximately 6:00 PM on 7/20/04. A well head valve was left in the closed position, causing a pressure-up situation resulting in a valve connection failure. The well was shut in and the valve was replaced. A vacuum truck was able to recover only 1/2-bbl of product. A 3-ft flow path of oil extended approximately 60-ft east of the well. An approximate 300-ft X 300-ft area west of the well site was affected by overspray.

III Contaminant and Size of Area

The contaminant was crude oil and associated produced water. The area east of the well contaminated by the release was approximately 3-ft X 60-ft. The area west of the well affected by the overspray was approximately 300-ft X 300-ft.

The crude oil associated with this release is considered RCRA Exempt oilfield waste. No evidence of other contaminants was observed.

IV Surface and Ground Water

There is no groundwater of record in this area of Eddy County according to information obtained from the New Mexico State Engineer online database. There are no water wells or surface waters within a 1000-ft radius of the site.

V Soils

The soil in the area is predominantly red sand underlain by a caliche base approximately 20-ft below average surface grade.

VI Vertical and Horizontal Contaminant Extents

The vertical contamination extent into the caliche well pad and red sand pasture area was <1-ft. The combined affected surface area is ~90,000-ft² (predominantly the overspray area).

VII Remediation Activities

The remediation level achieved by the application of the "**Guidelines for Remediation of Leaks, Spill and Releases**" *New Mexico Oil Conservation Division* – August 13, 1993 to this site is 5000-ppm Total Petroleum Hydrocarbon (TPH⁸⁰¹⁵), 10-ppm Benzene and 50-ppm BTEX.

The initial response to this release occurred during the evening of the release date 7/20/04. The well head valve was replaced and a vacuum truck was able to recover 1/2-bbl of oil from the pooling area east of the well. The east area was superficially

excavated to remove grossly contaminated soil. The area was then treated with Micro-Blaze and roto-tilled. The overspray area was treated with Micro-Blaze.

On 12-7-04, SESI performed additional remedial activity at the site. 6-inches of contaminated soil was removed from the immediate area of the well and replaced with clean soil. The contaminated soil stockpiled was then removed and taken to another active blending site to be incorporated into that final blend.

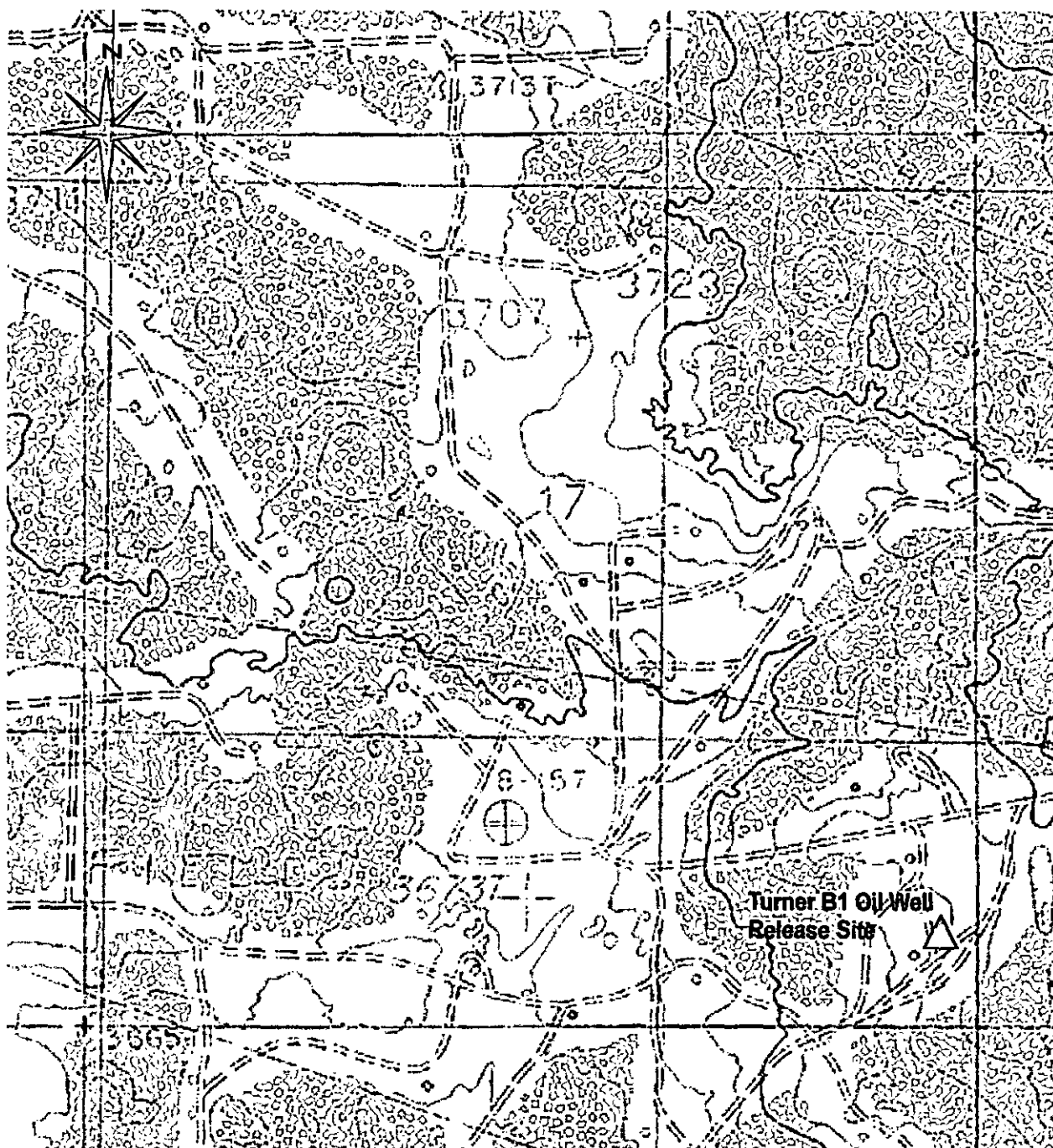
VIII Closure Justification

There are no visible affects of this release apparent in the pasture areas east or west of this release site. The vegetation is abundant and healthy. Grossly contaminated soil was removed from the site and superficially affected areas were effectively treated with Micro-Blaze. Based on the data presented in this report, Safety and Environmental Solutions, Inc. (SESI), on behalf of Merit Energy Corporation, requests that the NMOCD require "no further action" at the Turner B1 Well release site.

IX. Figures and Appendices

Appendix A: Plate 1 - Vicinity Map
Appendix B: Plate 2 - Site Plan
Appendix C: Final C-141 Form & Site Metrics
Appendix D: Site Photos

APPENDIX A: PLATE 1
Vicinity Map



Safety & Environmental
Solutions, Inc.
Hobbs, New Mexico

Plate 1
Merit Energy Corporation
Turner B1 Oil Well Release Site

UL-P, Section 17, Township 17S, Range 31E
Eddy County, New Mexico

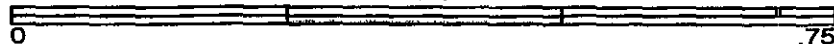
Date 1/06/2005

Dwg by: John Good

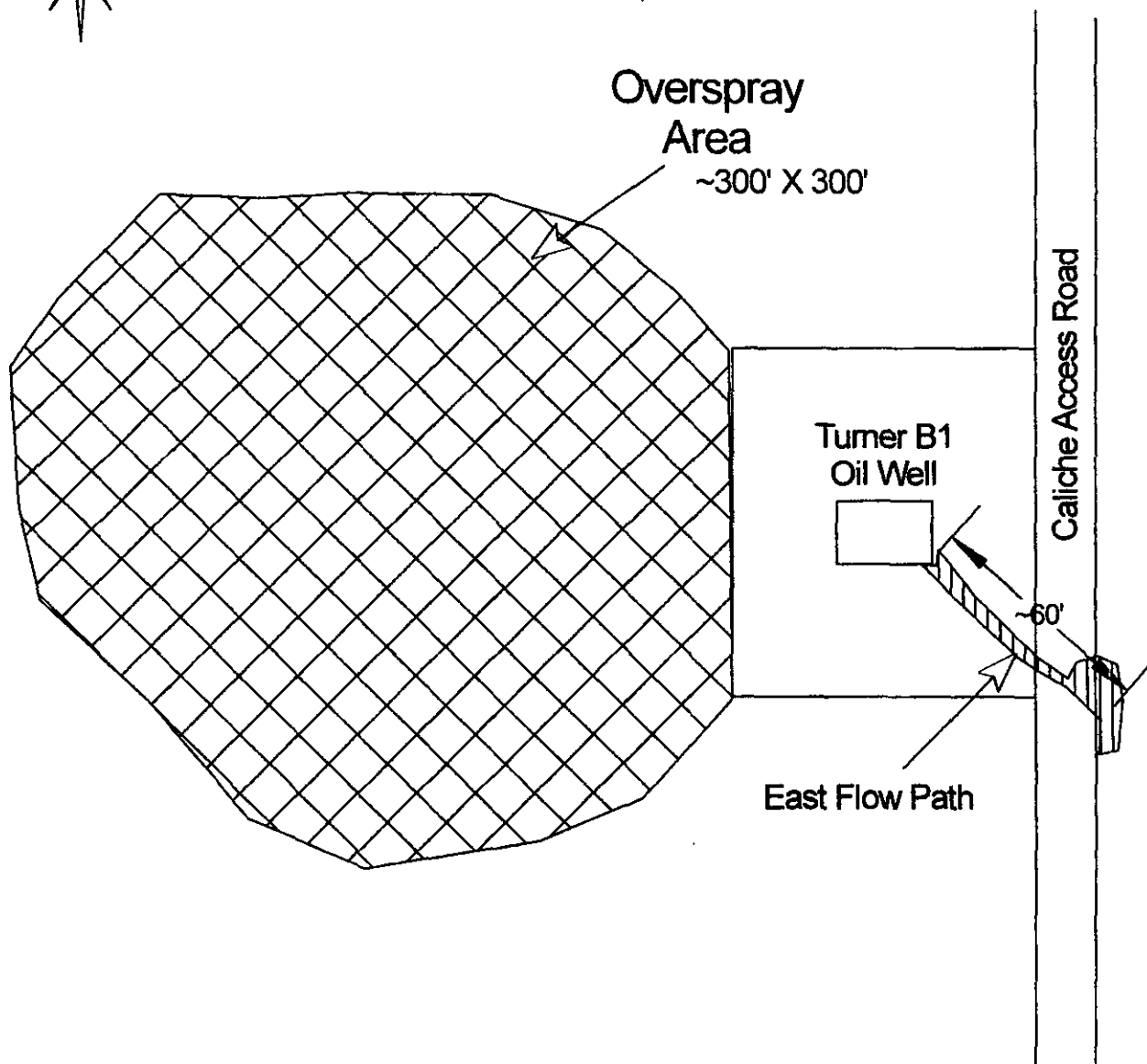
Rev 1

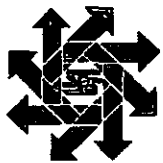
Scale: 1" = 980'

Mile



APPENDIX B: PLATE 2
Site Plan



	Plate 2		
	Merit Energy Corporation Turner B1 Site		
	UL-P, Section 17, Township 17S, Range 31E Eddy County, New Mexico		
	Date 1/06/2005	Dwg by: John Good	Rev 1
Drawing Not to Scale			
Safety & Environmental Solutions, Inc. Hobbs, New Mexico			

Appendix C
Final C-141 Form;
Site Metrics Form
Turner B-1 Oil Well
7/20/04 Release

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 June 10, 2003

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

Submit 2 Copies to appropriate

District Office in accordance

with Rule 116 on back

side of form.

Release Notification and Corrective Action

30-015-05181
nmlB04267 49827

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	Merit Energy Corporation	Contact	Gene Brookshire
Address	P.O. Box 69	Telephone No.	505-420-5497
Facility Name	Turner B Well #1	Facility Type	Oil Well

Surface Owner	BLM	Mineral Owner	NA	Lease No.
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from South Line	Feet from West Line	Longitude-W	Latitude-N	County
P P	17	17S	31E					Eddy

NATURE OF RELEASE

Type of Release	Volume of Release	Volume Recovered
Crude Oil	5 bbl	0.5 bbl
Source of Release	Date and Hour of Occurrence	Date and Hour of Discovery
Valve connection	7/20/04 6:00 PM	7/20/04 6:15 PM
Was Immediate Notice Given?	If YES, To Whom?	
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Not Required	Mike Stubblefield, NMOCD - Artesia	
By Whom?	Date and Hour	
Gene Brookshire - Merit Oil	7/21/04 8:00 AM	
Was a Watercourse Reached?	If YES, Volume Impacting the Watercourse	
<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	NA	

If a Watercourse was Impacted, Describe Fully*

Describe Cause of Problem and Remedial Action Taken. *

Valve was left in closed position, causing pressure-up situation resulting in a valve connection failure. Well was shut in; vacuum truck was able to recover only 1/2-bbl of product.

Describe Area Affected and Cleanup Action Taken. *

3' X 60' flowpath east of the well and ~300' X ~300' area west of well affected by overspray. Flowpath east of well was superficially excavated with a backhoe. Overspray area was treated w/ MicroBlaze and roto-tilled. SESI removed contaminated stockpile on 12/7/04 and spread clean soil in the immediate well head area.

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:	T. Groom by Mike Bratcher	
Title:	Approved by District Supervisor:	
SESI - Project Consultant	Approval Date: 2/10/05	Expiration Date: N/A
E-Mail Address:	Conditions of Approval:	
ballen@sesi-nm.com	N/A	
Date:	1/6/2005	Phone: 505-397-0510
		<input type="checkbox"/> Attached

Merit Energy Corporation

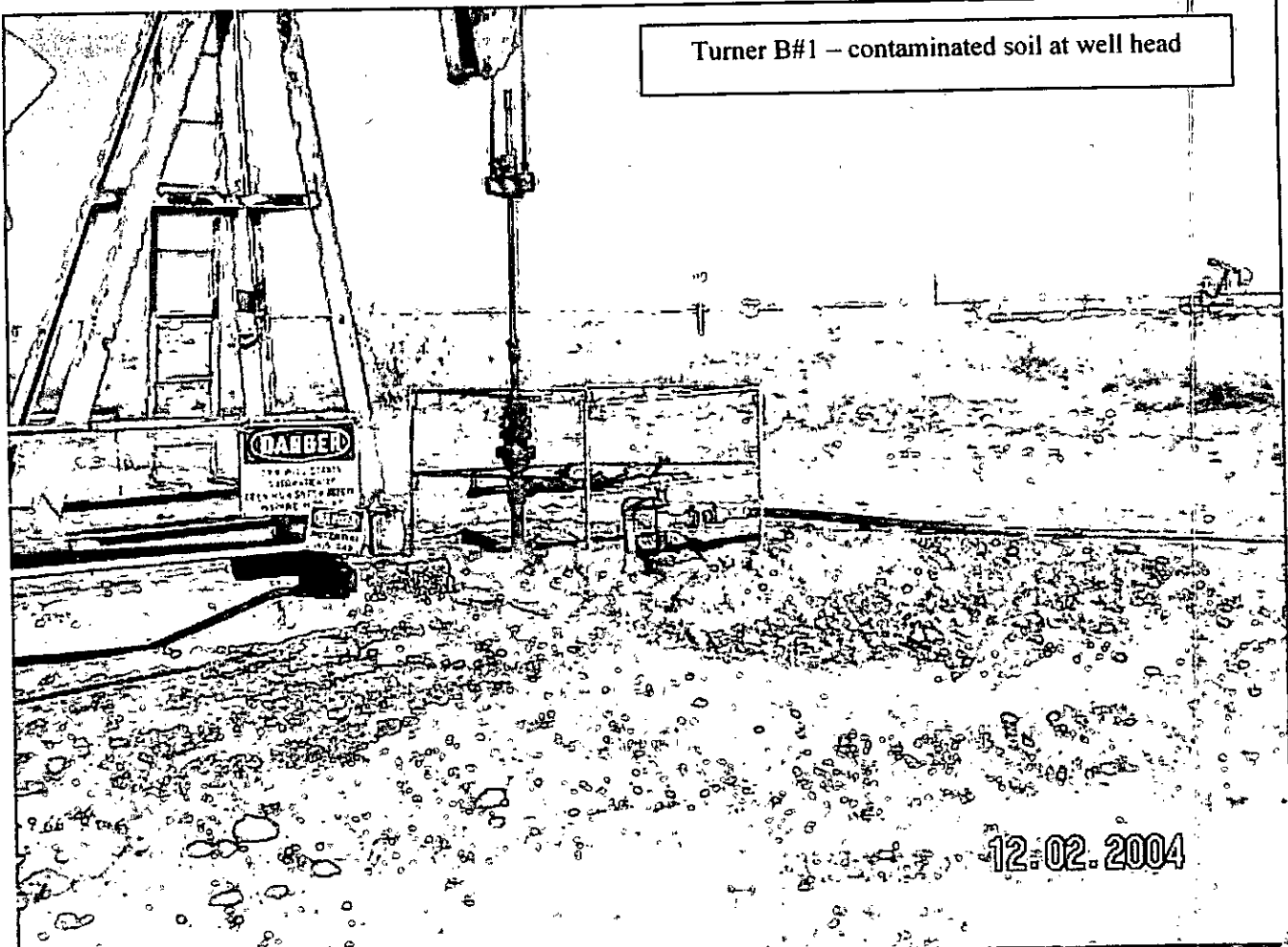
Incident Date: 7/20/04 NMOCD Notified: 7/21/04

SITE: Turner B Well #1		Assigned Site Reference: MER-04-029	
Company: Merit Energy Corporation			
Street Address:			
Mailing Address: P.O. Box 69			
City, State, Zip: Loco Hills, NM 88255			
Representative: Gene Brookshire			
Representative Telephone: 505-420-5497			
Telephone:			
Fluid Volume Released (bbl): ~ 5		Volume Recovered (bbl): 0.5	Net Release: ~ 4.5
>25 bbl: Notify NMOCD verbally within 24 hours and submit C-141 within 15 days.			
5-25 bbl: Submit Form C-141 within 15 days. (Also applies to unauthorized release of >50 mcf Natural Gas).			
Leak, Spill, or Pit (LSP) Name: Turner B Well #1			
Source of Contamination: Valve connection			
Land Owner, i.e. BLM, ST, Fee, Other: BLM			
LSP Dimensions: ~ 3' X 60' area east; 100-yd X 100-yd overspray on west side			
LSP Area ~ 180 -ft ² ; 90,000-ft ² overspray			
Location of Reference Point (RP):			
Location distance and direction from RP:			
Latitude: North			
Longitude: West			
Elevation above mean sea level (amsl):		feet	meters
Distance from South Section Line (feet):			
Distance from West Section Line (feet):			
Location - Unit Letter and 1/4 1/4:		UL-	P 1/4 of 1/4
Location - Section		17	
Location - Township		17S	
Location - Range		31E	
Surface water body within 1000' radius of site:		0	
Surface water body within 1000' radius of site:		0	
Domestic water wells within 1000' radius of site:		0	
Domestic water wells within 1000' radius of site:		0	
Agricultural water wells within 1000' radius of site:		0	
Agricultural water wells within 1000' radius of site:		0	
Public water supply wells within 1000' radius of site:		0	
Public water supply wells within 1000' radius of site:		0	
Depth (feet) from land surface to Ground Water (DG): >		250	
Depth (feet) of lowest contamination (DC): <		5	
Depth (feet) to Ground Water (DG - DC = DtGW): >		245	
1. Ground Water		2. Wellhead Protection Area	3. Distance to Surface Water
If Depth to GW <50-feet: 20 points		If <1000' from water source, or, <200' from private domestic water source: 20 points	<200 horizontal feet: 20 points
If Depth to GW 50 to 100-feet: 10 points		If >1000' from water source, or, >200' from private domestic water source: 0 points	200-1000 horizontal feet: 10 points
If Depth to GW >100-feet: 0 points			>1000 horizontal feet: 0 points
Ground Water Score: 0		Wellhead Protection Score: 0	Surface Water Score: 0
Site Ranking (1 + 2 + 3): 0			
Total Site Ranking Score and Acceptable Concentrations			
Parameter	20 or >	10	0
Benzene ¹	10-ppm	10-ppm	10-ppm
BTEX ¹	50-ppm	50-ppm	50-ppm
TPH	100-ppm	1000-ppm	5000-ppm

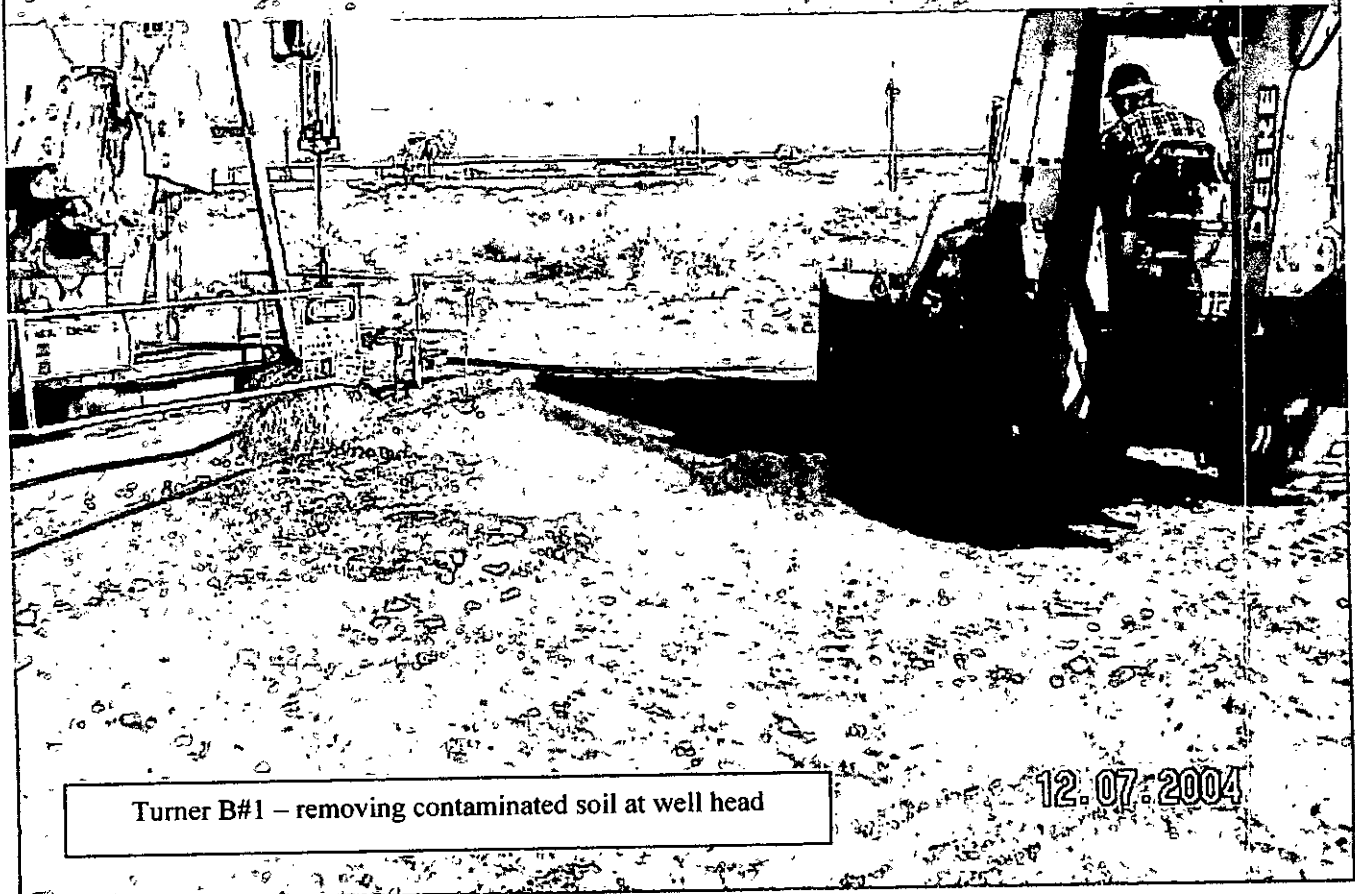
¹ 100-ppm field VOC headspace measurement may be substituted for lab analysis

Appendix D
Site Photos

Turner B#1 – contaminated soil at well head



12.02.2004



Turner B#1 – removing contaminated soil at well head

12.07.2004

Turner B#1 – contaminated soil removed from well head area

12.07.2004

Turner B#1 – clean soil placed around well head area.

12.07.2004

File

30-015-05181
nMLB0426749827

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1080 Rio Bravo Road, Aztec, NM 87410
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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

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company <i>Merch Energy</i>	Contact <i>Gene Brookshire</i> <i>70C-4758</i>
Address <i>P.O. Box 69 Uno Hills N.M. 88255</i>	Telephone No. <i>677-2327</i>
Facility Name <i>Turner 3 #1</i>	Facility Type <i>well</i>

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

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	<i>17</i>	<i>17S</i>	<i>31E</i>					

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release <i>oil</i>	Volume of Release <i>5.6612</i>	Volume Recovered <i>1/2 BBL</i>
Source of Release <i>CSG</i>	Date and Hour of Occurrence <i>6:15pm</i>	Date and Hour of Discovery <i>6:15pm 7/21/04</i>
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <i>Mike Stubbins</i>	
By Whom? <i>Gene Brookshire</i>	Date and Hour <i>7/21/04 8:00am</i>	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Suspecting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

*CSG Valve was Left Shut well Pressured UP Blew out connection on CSG Valve
Blew out. Sprayed mist of oil in air.
Shut in and Had Vacuum Truck Pick up free standing oil and got 1/2 BBL*

Describe Area Affected and Cleanup Action Taken.*

*3' x 60' Area East of Location. Location and 100 yd x 100 yd Area west
of Location. Will Cleanup 3' x 60' strip with shovels + wheelbarrow will Cleanup Location
with Backhoe. Would like BLM To Inspect Pasture Area Before Cleanup*

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCDC 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 NMOCDC 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, NMOCDC 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>Gene Brookshire</i>		OIL CONSERVATION DIVISION	
Printed Name: <i>Gene Brookshire</i>			
Title: <i>Production Foreman</i>	Approved by District Supervisor:	Approval Date:	Expiration Date:
Facility Address:	Conditions of Approval:		