

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

nmlb0426749827

OPERATOR

☐ Initial Report ☒ Final Report

| | | | |
|-----------------|----------------------------------|---------------|-----------------|
| Name of Company | Merit Energy Corporation | Contact | Gene Brookshire |
| Address | P.O. Box 69 Loco Hills, NM 88255 | Telephone No. | 505-420-5497 |
| Facility Name | Turner B Well #1 | Facility Type | Oil Well |

| | | | | |
|---------------|-----|---------------|----|-----------|
| Surface Owner | BLM | Mineral Owner | NA | Lease No. |
|---------------|-----|---------------|----|-----------|

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*

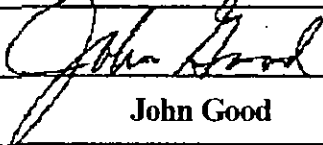
Describe Cause of Problem and Remedial Action Taken. *

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