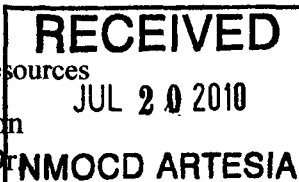


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

f MLB/02394738

Release Notification and Corrective Action

n MLB/023942085

OPERATOR

☒ Initial Report

☒ Final Report

Name of Company: Melrose Operating 184860	Contact: Gary Newton
Address: One Chase wood-suite #310 20333 Chasewood Park Houston, TX 77070	Telephone No.
Facility Name: Artesia Unit Battery #1	Facility Type

Surface Owner: STATE	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter N	Section 26	Township 17S	Range 28E	Feet from the	North/South Line	Feet from the	East/West Line	County EDDY
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Latitude: 32.798691 Longitude: 104.149281

NATURE OF RELEASE

Type of Release: PRODUCE WATER	Volume of Release: 155BBLS	Volume Recovered: 155BBLS
Source of Release: TANK OVERFLOW	Date and Hour of Occurrence: 6-26-10 unknown	Date and Hour of Discovery: 6-27-10 0930
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher	
By Whom? Gary Newton	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.* Due to recent heavy rains water built up inside berm area, and shorted out transfer pump. Battery berm area is lined with reinforced poly liner, and covered with a light cover of caliche. No water escaped berm area. Water trucks were in area and reported to operator, operator authorized removal of water and pumped into separate tank.

Describe Area Affected and Cleanup Action Taken.* Removed water from berm area using water trucks, and pumped into separate tank. No remedial action required, due to no water escaping berm area and berm area being lined with reinforced poly liner. Whole Earth Environmental Inc. contacted to investigate remedial action if needed.

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: Garrett L. Newton		Approved by District Supervisor	
Title: Area Supervisor		Approval Date: AUG 27 2010	
E-mail Address: gnewton@pvtnetworks.net		Expiration Date: 1/1	
Date: 7/20/10 Phone: 575-513-0230		Conditions of Approval:	
		Attached <input type="checkbox"/>	

p MLB/023942908

2RP-430