

District I
625 N. French Dr., Hobbs, NM 88240
District II
301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Bravos 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

30-015-27944

Release Notification and Corrective Action

NMLB06244197

OPERATOR

☒ Initial Report☐ Final Report

Name of Company	Merit Energy CO. 14571	Contact	Mike Self
Address	13727 Noel Rd. Santa Fe, NM 87524	Telephone No.	505-706-4758
Facility Name	East Shugart Battery	Facility Type	2" Nipp @ Hender
Surface Owner	BIM	Mineral Owner	BIM
		Lease No.	14-08-001-11572

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
G	35	18-S	31-E					Eddy

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	Oil & Produced H ₂ O	Volume of Release	70 bbl	Volume Recovered	60 bbl
Source of Release		Date and Hour of Occurrence		Date and Hour of Discovery	
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	6-12-06	6-12-06	2:00 PM
By Whom?	Mike Self	M. Bortchard OCA	Paul Evans BIM		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Date and Hour	6-12-06	2:30 AM	
		If YES, Volume Impacting the Watercourse.			

If a Watercourse was impacted, Describe Fully.*

N/A

Describe Cause of Problem and Remedial Action Taken.*

A 2" nipp at the Hender had partial integrity loss. Nipp was Isolated and Re-placed

Describe Area Affected and Cleanup Action Taken.* 90% of the spill was contained on trap. Approx 10% to Native Pasture & Sand dune. A Yoe truck picked up all standing fluid. Hydro Carbon residue was sprayed w/ micro blaze. Terracon to devise Remediation & Sampling

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: <i>Mike Self</i>	TIM GUM	
Printed Name: Mike Self	Approved by District Supervisor: by MB <i>Mike Bortchard</i>	
Title: Area Foreman	Approval Date: 9/1/06	Expiration Date:
E-mail Address: M.Self@Merit Energy	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 6-13-06 Phone: 706-0972		

* Attach Additional Sheets If Necessary

Work plan prepared rec'd 8/1/06 - Approved w/ stipulations 9/1/06



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Merit Energy Company
13727 Noel Road
Suite 500
Dallas TX 75240

September 1, 2006

Reference: East Shugart Battery G-35-18s-31e Eddy County New Mexico

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a remediation work plan proposal (plan) for remediation of a produced fluids release that occurred on June 12, 2006 at the above referenced site. The plan was formulated and submitted to the OCD by your agent, Jim Hollon.

The plan is approved as presented with the following stipulations:

- Notify the OCD 24 hours prior to commencement of operations.
- Notify the OCD 24 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD.
- Plan may be subject to modifications by OCD at any time during the remediation project as conditions warrant.
- Plan may be subject to modifications by operator, with OCD approval, as conditions warrant.
- The OCD is to be provided with analytical data from sampling events witnessed by the OCD, upon receipt of data by the operator.
- A Final Report C-141 is to be submitted to the OCD upon satisfactory completion of remediation project.
- Project is to be completed by November 1, 2006.
- Like approval by Bureau of Land Management (BLM) as applicable.

Please be advised that OCD approval of this proposal 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, OCD approval of this proposal does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I can be of assistance please contact me.

Sincerely,

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
(505) 748-1283 Ext. 108
(505) 626-0857
mike.bratcher@state.nm.us

DATA copy mailed to Merit Energy - Dallas TX

*30-015-27944
NMLB 06244 4197*

*Email Distribution:
Mike Self w/Merit
David Hester w/Merit
Chris Holley w/Merit
Tim Hollon w/Tran-Hollon Consultants*

Oil Conservation Division * 1301 W Grand * Artesia, NM 88210
Phone: (505) 748-1283 * Fax (505) 748-9720 * <http://www.emnrd.state.nm.us>

Bratcher, Mike, EMNRD

From: Bratcher, Mike, EMNRD
Sent: Friday, September 01, 2006 10:14 AM
To: 'mself@meritenergy.com'
Cc: 'david.hertel@meritenergy.com'; 'chris.holley@meritenergy.com'; 'jim.hollon@sbcglobal.net'
Subject: Merit East Shugart Battery

Attachments: MeritEnergy_EastShugartBtry.doc



MeritEnergy_EastS
hugartBtry.do...

A signed hard copy will be sent via US Postal Service to:

Merit Energy Co.
13727 Noel Road
Suite 500
Dallas, TX 75240

30-015-27944