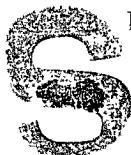


District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505



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

### Release Notification and Corrective Action

#### OPERATOR

☐ Initial Report ☒ Final Report

Name of Company: Merit Energy Company	Contact: Dwain Wall
Address: P.O. Box 69, Loco Hills N.M., 88255	Telephone No.: 505-677-2327
Facility Name: Keel B # 17 (nearest well)	Facility Type: Injection well

Surface Owner: BLM	Mineral Owner: BLM	Lease No.: LC-029435-B
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#### LOCATION OF RELEASE

Unit Letter E	Section 8	Township 17S	Range 31E	Feet from the 1980	North/South Line North	Feet from the 660	East/West Line West	County Eddy
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Latitude 32.85082147 Longitude -103.8984738

#### NATURE OF RELEASE

Type of Release: produced fluids	Volume of Release: ~15 bbls	Volume Recovered: 5
Source of Release: Flow Line	Date and Hour of Occurrence: 7/23/07 ~24:00	Date and Hour of Discovery: 7/24/07 7:30
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" 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. N/A	

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\*  
Flow line failure. Line was shut and repaired.

Describe Area Affected and Cleanup Action Taken.\*  
The fluids followed the shoulder of the road for approximately 150 yards before crossing the road and pooling in a depression immediately adjacent to the road. A vacuum truck was called and recovered approximately 5 bbls of fluid. The remainder was treated with Peat-Sorb and blended by a back-hoe. The affected area will be treated with a microbial product to enhance hydrocarbon degradation if necessary.

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:	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Jim Hollon	Approved by District Supervisor:	
Title: Consultant	Approval Date: <b>JUL 25 2007</b>	Expiration Date:
E-mail Address: <u>Jim@JHCon.net</u>	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 7-24-07	Phone: 432-631-5768	

\* Attach Additional Sheets If Necessary

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**To:** Mike Bratcher  
**From:** Jim Hollon  
**Fax:** 505-748-9720  
**Pages:** 2  
**Phone:** 505-748-1283  
**Date:** 7/24/2007  
**Re:** Flow line leak near the Keel B # 17  
**CC:**

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☐ **Urgent**    ☐ **For Review**    ☐ **Please Comment**    ☐ **Please Reply**    ☐ **Please Recycle**

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● **Comments:**

Mike,

Tuesday morning Merit Energy discovered a flow line leak near their Keel-B # 17 well site. An estimated 15 bbls was lost and a vacuum truck recovered approximately 5 bbls. Peat-Sorb has been roto-tilled (or blended with a back-hoe) into the affected soil to recover the remainder of the oil. The affected area will be treated with M-1000, a blend of oil degrading microbes, to assist in the degradation of the unrecovered oil if necessary.

Thanks,

Jim Hollon

Cell: 432-631-5768

Home: 432-563-0702

Fax: 432-563-1166

E-mail: jim@JHCon.net

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