

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**

30-015-05082

**OPERATOR**

☐ Initial Report ☒ Final Report

Name of Company: <i>Merit Energy Company</i>	Contact: <i>Mike Self</i>
Address: <i>P.O. Box 69, Loco Hills N.M., 88255</i>	Telephone No.: <i>505-677-2327</i>
Facility Name: <i>J.L. Keel B # 22</i>	Facility Type: <i>Flowline located to the south of well</i>

Surface Owner: <i>BLM</i>	Mineral Owner: <i>BLM</i>	Lease No.: <i>30-015-05082</i>
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NCLB0605933537

**LOCATION OF RELEASE**

Unit Letter <i>L</i>	Section <i>5</i>	Township <i>17S</i>	Range <i>31E</i>	Feet from the <i>1980</i>	North/South Line <i>South</i>	Feet from the <i>660</i>	East/West Line <i>West</i>	County <i>Eddy</i>
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Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

Type of Release: <i>Produced Fluids</i>	Volume of Release: <i>10 bbls</i>	Volume Recovered: <i>0 bbls</i>
Source of Release: <i>Flowline</i>	Date and Hour of Occurrence: <i>11-16-05</i>	Date and Hour of Discovery: <i>10:00 11-16-05</i>
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <i>Jim Amos / BLM</i>	
By Whom? <i>Mike Self</i>	Date and Hour: <i>11-16-05 10:00</i>	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. <i>N/A</i>	

If a Watercourse was Impacted, Describe Fully.\*

*N/A*


Describe Cause of Problem and Remedial Action Taken.\*

*3" poly flowline ruptured loosing approximately 10 bbls of produced fluids. The fluids were contained to the road with a spray affecting the side of a sandhill.*

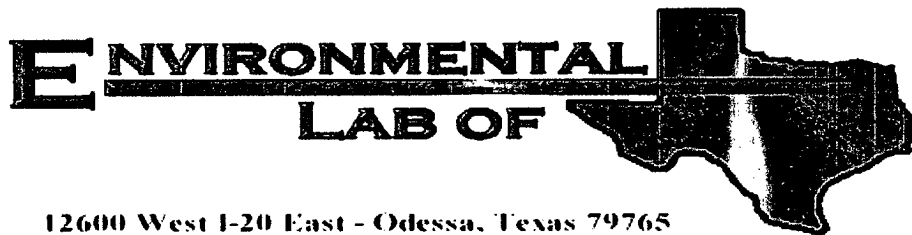
Describe Area Affected and Cleanup Action Taken.\*

*The sandhill was treated with Micro-blaze and the road was dragged and blended. A composite sample was taken of the sandhill area; the results are as follows- TPH= 318, BTEX= ND, and chlorides= 1800.*

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: <i>Mike Self</i>	<b>OIL CONSERVATION DIVISION</b> <b>TIM GUM</b> <b>by MB</b>	
Printed Name: <i>Mike Self</i>	Approved by District Supervisor: 	
Title: <i>Area Foreman</i>	Approval Date: <i>3/30/06</i>	Expiration Date:
E-mail Address: <i>m.self@meritenergy.com</i>	Conditions of Approval:	Attached <input type="checkbox"/>
Date: <i>3/27/06</i>	Phone: <i>505-677-2327</i>	

\* Attach Additional Sheets If Necessary



12600 West I-20 East - Odessa, Texas 79765

## Analytical Report

**Prepared for:**

Jim Hollon

Terracon Consulting, Inc.

24 Smith Road, Ste. 261

Midland, TX 79705

Project: Keel A #22

Project Number: 94057472C

Location: Loco Hills

Lab Order Number: 6B23009

Report Date: 03/01/06

Terracon Consulting, Inc.  
24 Smith Road, Ste. 261  
Midland TX, 79705

Project: Keel A #22  
Project Number: 94057472C  
Project Manager: Jim Hollon

Fax: (432) 684-9608  
**Reported:**  
03/01/06 11:27

**ANALYTICAL REPORT FOR SAMPLES**

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
KA-22	6B23009-01	Soil	02/22/06 00:00	02/23/06 08:45

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**Reported:**  
03/01/06 11:27

**Organics by GC**  
**Environmental Lab of Texas**

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
<b>KA-22 (6B23009-01) Soil</b>									
Benzene	ND	0.0250	mg/kg dry	25	EB62305	02/23/06	02/23/06	EPA 8021B	
Toluene	ND	0.0250	"	"	"	"	"	"	
Ethylbenzene	ND	0.0250	"	"	"	"	"	"	
Xylene (p/m)	ND	0.0250	"	"	"	"	"	"	
Xylene (o)	ND	0.0250	"	"	"	"	"	"	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		84.0 %	80-120		"	"	"	"	
<i>Surrogate: 4-Bromofluorobenzene</i>		99.8 %	80-120		"	"	"	"	
<b>Carbon Ranges C6-C12</b>	<b>J [6.70]</b>	10.0	mg/kg dry	1	EB62312	02/23/06	02/24/06	EPA 8015M	J
<b>Carbon Ranges C12-C28</b>	<b>236</b>	10.0	"	"	"	"	"	"	
<b>Carbon Ranges C28-C35</b>	<b>81.9</b>	10.0	"	"	"	"	"	"	
<b>Total Hydrocarbon C6-C35</b>	<b>318</b>	10.0	"	"	"	"	"	"	
<i>Surrogate: 1-Chlorooctane</i>		93.0 %	70-130		"	"	"	"	
<i>Surrogate: 1-Chlorooctadecane</i>		103 %	70-130		"	"	"	"	

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**Reported:**  
03/01/06 11:27

**General Chemistry Parameters by EPA / Standard Methods**  
**Environmental Lab of Texas**

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
<b>KA-22 (6B23009-01) Soil</b>									
<b>Chloride</b>	<b>1800</b>	25.0	mg/kg	50	EB62709	02/24/06	02/27/06	EPA 300.0	
<b>% Moisture</b>	<b>1.0</b>	0.1	%	1	EB62402	02/23/06	02/24/06	% calculation	

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Reported:  
03/01/06 11:27

**Organics by GC - Quality Control**  
**Environmental Lab of Texas**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
<b>Batch EB62305 - EPA 5030C (GC)</b>										
<b>Blank (EB62305-BLK1)</b>				Prepared & Analyzed: 02/23/06						
Benzene	ND	0.0250	mg/kg wet							
Toluene	ND	0.0250	"							
Ethylbenzene	ND	0.0250	"							
Xylene (p/m)	ND	0.0250	"							
Xylene (o)	ND	0.0250	"							
Surrogate: a,a,a-Trifluorotoluene	34.0		ug/kg	40.0		85.0	80-120			
Surrogate: 4-Bromofluorobenzene	40.6		"	40.0		102	80-120			
<b>LCS (EB62305-BS1)</b>				Prepared & Analyzed: 02/23/06						
Benzene	0.0428	0.00100	mg/kg wet	0.0500		85.6	80-120			
Toluene	0.0484	0.00100	"	0.0500		96.8	80-120			
Ethylbenzene	0.0565	0.00100	"	0.0500		113	80-120			
Xylene (p/m)	0.119	0.00100	"	0.100		119	80-120			
Xylene (o)	0.0589	0.00100	"	0.0500		118	80-120			
Surrogate: a,a,a-Trifluorotoluene	35.4		ug/kg	40.0		88.5	80-120			
Surrogate: 4-Bromofluorobenzene	47.2		"	40.0		118	80-120			
<b>Calibration Check (EB62305-CCV1)</b>				Prepared & Analyzed: 02/23/06						
Benzene	41.2		ug/kg	50.0		82.4	80-120			
Toluene	45.6		"	50.0		91.2	80-120			
Ethylbenzene	52.4		"	50.0		105	80-120			
Xylene (p/m)	109		"	100		109	80-120			
Xylene (o)	54.9		"	50.0		110	80-120			
Surrogate: a,a,a-Trifluorotoluene	33.9		"	40.0		84.8	80-120			
Surrogate: 4-Bromofluorobenzene	43.0		"	40.0		108	80-120			
<b>Matrix Spike (EB62305-MS1)</b>				Source: 6B23012-01	Prepared & Analyzed: 02/23/06					
Benzene	1.13	0.0250	mg/kg dry	1.41	ND	80.1	80-120			
Toluene	1.19	0.0250	"	1.41	ND	84.4	80-120			
Ethylbenzene	1.49	0.0250	"	1.41	ND	106	80-120			
Xylene (p/m)	3.01	0.0250	"	2.82	ND	107	80-120			
Xylene (o)	1.51	0.0250	"	1.41	ND	107	80-120			
Surrogate: a,a,a-Trifluorotoluene	34.2		ug/kg	40.0		85.5	80-120			
Surrogate: 4-Bromofluorobenzene	45.4		"	40.0		114	80-120			

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Reported:  
03/01/06 11:27

**Organics by GC - Quality Control**  
**Environmental Lab of Texas**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
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**Batch EB62305 - EPA 5030C (GC)**

**Matrix Spike Dup (EB62305-MSD1)**

Source: 6B23012-01

Prepared & Analyzed: 02/23/06

Benzene	1.15	0.0250	mg/kg dry	1.41	ND	81.6	80-120	1.86	20	
Toluene	1.30	0.0250	"	1.41	ND	92.2	80-120	8.83	20	
Ethylbenzene	1.52	0.0250	"	1.41	ND	108	80-120	1.87	20	
Xylene (p/m)	3.18	0.0250	"	2.82	ND	113	80-120	5.45	20	
Xylene (o)	1.62	0.0250	"	1.41	ND	115	80-120	7.21	20	
Surrogate: a,a,a-Trifluorotoluene	33.0		ug/kg	40.0		82.5	80-120			
Surrogate: 4-Bromofluorobenzene	41.7		"	40.0		104	80-120			

**Batch EB62312 - Solvent Extraction (GC)**

**Blank (EB62312-BLK1)**

Prepared & Analyzed: 02/23/06

Carbon Ranges C6-C12	ND	10.0	mg/kg wet							
Carbon Ranges C12-C28	ND	10.0	"							
Carbon Ranges C28-C35	ND	10.0	"							
Total Hydrocarbon C6-C35	ND	10.0	"							
Surrogate: 1-Chlorooctane	63.5		mg/kg	50.0		127	70-130			
Surrogate: 1-Chlorooctadecane	59.3		"	50.0		119	70-130			

**LCS (EB62312-BS1)**

Prepared & Analyzed: 02/23/06

Carbon Ranges C6-C12	456	10.0	mg/kg wet	500		91.2	75-125			
Carbon Ranges C12-C28	409	10.0	"	500		81.8	75-125			
Total Hydrocarbon C6-C35	865	10.0	"	1000		86.5	75-125			
Surrogate: 1-Chlorooctane	58.9		mg/kg	50.0		118	70-130			
Surrogate: 1-Chlorooctadecane	53.9		"	50.0		108	70-130			

**Calibration Check (EB62312-CCV1)**

Prepared: 02/23/06 Analyzed: 02/24/06

Carbon Ranges C6-C12	222		mg/kg	250		88.8	80-120			
Carbon Ranges C12-C28	236		"	250		94.4	80-120			
Total Hydrocarbon C6-C35	458		"	500		91.6	80-120			
Surrogate: 1-Chlorooctane	62.2		"	50.0		124	70-130			
Surrogate: 1-Chlorooctadecane	62.9		"	50.0		126	70-130			

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Reported:  
03/01/06 11:27

**Organics by GC - Quality Control**  
**Environmental Lab of Texas**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
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**Batch EB62312 - Solvent Extraction (GC)**

**Matrix Spike (EB62312-MS1)**

Source: 6B22013-01

Prepared: 02/23/06 Analyzed: 02/24/06

Carbon Ranges C6-C12	501	10.0	mg/kg dry	543	ND	92.3	75-125			
Carbon Ranges C12-C28	502	10.0	"	543	35.7	85.9	75-125			
Total Hydrocarbon C6-C35	1000	10.0	"	1090	71.3	85.2	75-125			
Surrogate: 1-Chlorooctane	63.6		mg/kg	50.0		127	70-130			
Surrogate: 1-Chlorooctadecane	57.8		"	50.0		116	70-130			

**Matrix Spike Dup (EB62312-MSD1)**

Source: 6B22013-01

Prepared: 02/23/06 Analyzed: 02/24/06

Carbon Ranges C6-C12	506	10.0	mg/kg dry	543	ND	93.2	75-125	0.993	20	
Carbon Ranges C12-C28	504	10.0	"	543	35.7	86.2	75-125	0.398	20	
Total Hydrocarbon C6-C35	1010	10.0	"	1090	71.3	86.1	75-125	0.995	20	
Surrogate: 1-Chlorooctane	64.2		mg/kg	50.0		128	70-130			
Surrogate: 1-Chlorooctadecane	58.0		"	50.0		116	70-130			



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Reported:  
03/01/06 11:27

**General Chemistry Parameters by EPA / Standard Methods - Quality Control**  
**Environmental Lab of Texas**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC Limits	RPD	RPD Limit	Notes
<b>Batch EB62402 - General Preparation (Prep)</b>									
<b>Blank (EB62402-BLK1)</b>				Prepared: 02/23/06 Analyzed: 02/24/06					
% Solids	100		%						
<b>Duplicate (EB62402-DUP1)</b>				Source: 6B22012-01 Prepared: 02/23/06 Analyzed: 02/24/06					
% Solids	98.0		%		98.2		0.204	20	
<b>Duplicate (EB62402-DUP2)</b>				Source: 6B23018-01 Prepared: 02/23/06 Analyzed: 02/24/06					
% Solids	99.1		%		99.0		0.101	20	
<b>Batch EB62709 - Water Extraction</b>									
<b>Blank (EB62709-BLK1)</b>				Prepared: 02/24/06 Analyzed: 02/27/06					
Chloride	ND	0.500	mg/kg						
<b>LCS (EB62709-BS1)</b>				Prepared: 02/24/06 Analyzed: 02/27/06					
Chloride	9.43	0.500	mg/kg	10.0		94.3	80-120		
<b>Calibration Check (EB62709-CCV1)</b>				Prepared: 02/24/06 Analyzed: 02/27/06					
Chloride	8.77		mg/L	10.0		87.7	80-120		
<b>Duplicate (EB62709-DUP1)</b>				Source: 6B23012-01 Prepared: 02/24/06 Analyzed: 02/27/06					
Chloride	347	10.0	mg/kg		352		1.43	20	

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### Notes and Definitions

J Detected but below the Reporting Limit; therefore, result is an estimated concentration (CLP J-Flag).  
DET Analyte DETECTED  
ND Analyte NOT DETECTED at or above the reporting limit  
NR Not Reported  
dry Sample results reported on a dry weight basis  
RPD Relative Percent Difference  
LCS Laboratory Control Spike  
MS Matrix Spike  
Dup Duplicate

Report Approved By:

*Raland K. Tuttle*

Date:

3/1/2006

Raland K. Tuttle, Lab Manager  
Celey D. Keene, Lab Director, Org. Tech Director  
Peggy Allen, QA Officer

Jeanne Mc Murrey, Inorg. Tech Director  
LaTasha Cornish, Chemist  
Sandra Sanchez, Lab Tech.

This material is intended only for the use of the individual (s) or entity to whom it is addressed, and may contain information that is privileged and confidential.

If you have received this material in error, please notify us immediately at 432-563-1800.

**12600 West I-20 East**  
**Odessa, Texas 79763**  
**Phone: 915-483-1800**  
**Fax: 915-483-1713**

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

Project Name: KEEL A #22  
Project #: 94057472C  
Project Loc: LODD HILLS  
PO #: \_\_\_\_\_

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Fax No: 6879608

Telephone No: 684-9602

### Sample 1:

Sample Information		Analysis For:		Sample Containers In Use		Temperature Upon Receipt		Laboratory Comments	
Sample ID	Field Code	Date Sampled	Time Sampled	No. of Containers	Preservative	Matrix	TCAP	TOTAL	Notes
605135009	KA-22	2-22-06		1	HNO <sub>3</sub>	Water			
					HCl	Other (Specify)			
					NaOH	Soil			
					H <sub>2</sub> SO <sub>4</sub>	Sediment			
					None	Water			
						Other (Specify)			
						Soil			
						Sediment			
						Other (Specify)			
						Water			
						Sediment			
						Other (Specify)			
						Soil			
						Sediment			
						Other (Specify)			
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						Sediment			
						Other (Specify)			
						Soil			
						Sediment			
						Other (Specify)			
						Water			
						Sediment			
						Other (Specify)			
						Soil			
						Sediment			
						Other (Specify)			
						Water			

## Variance / Corrective Action Report - Sample Log-in

Client: TennaconDate/Time: 2/23/06 9:00Order #: WB23009Initials: UK

## Sample Receipt Checklist

Temperature of container/cooler?	Yes	No	3.5	C
Shipping container/cooler in good condition?	<del>Yes</del>	No		
Custody Seals intact on shipping container/cooler?	Yes	No	<del>Not present</del>	
Custody Seals intact on sample bottles?	<del>Yes</del>	No	Not present	
Chain of custody present?	<del>Yes</del>	No		
Sample Instructions complete on Chain of Custody?	<del>Yes</del>	No		
Chain of Custody signed when relinquished and received?	<del>Yes</del>	No		
Chain of custody agrees with sample label(s)	<del>Yes</del>	No		
Container labels legible and intact?	<del>Yes</del>	No		
Sample Matrix and properties same as on chain of custody?	<del>Yes</del>	No		
Samples in proper container/bottle?	<del>Yes</del>	No		
Samples properly preserved?	<del>Yes</del>	No		
Sample bottles intact?	<del>Yes</del>	No		
Preservations documented on Chain of Custody?	<del>Yes</del>	No		
Containers documented on Chain of Custody?	<del>Yes</del>	No		
Sufficient sample amount for indicated test?	<del>Yes</del>	No		
All samples received within sufficient hold time?	<del>Yes</del>	No		
VOC samples have zero headspace?	<del>Yes</del>	No	Not Applicable	

Other observations:

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## Variance Documentation:

 Contact Person: - \_\_\_\_\_ Date/Time: \_\_\_\_\_ Contacted by: \_\_\_\_\_  
 Regarding: \_\_\_\_\_

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Corrective Action Taken:

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Form C-141  
Revised October 10, 2003

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30-015-05082

## Release Notification and Corrective Action

## OPERATOR

☒ Initial Report ☐ Final Report

Name of Company <u>Merit Energy</u>	Contact <u>Mike Self</u>
Address <u>P.O. Box 69 Loch Hills NM</u>	Telephone No. <u>505 706 4758</u>
Facility Name <u>Grayburg Jackson Flowline 88255</u>	Facility Type <u>3" Poly Flowline</u>
Surface Owner <u>BLM</u>	Mineral Owner <u>BLM</u>
Lease No.	

## LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
		<u>T-17-S</u>	<u>31-E</u>	<u>1980</u>	<u>FSL</u>	<u>660</u>	<u>FWI</u>	<u>Eddy</u>

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

## NATURE OF RELEASE

Type of Release <u>Crude Oil</u>	Volume of Release <u>10 bbl</u>	Volume Recovered <u>0</u>
Source of Release <u>3" Poly Flowline Failure</u>	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? <u>11-16-05</u>	<u>11-16-05 10:00 AM</u>
By Whom? <u>Mike Self - Merit Energy</u>	Date and Hour	<u>11-16-05 10:00 AM</u>
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.\*

3" Poly (surface) Flowline ruptured. Repaired w/ 3" Poly clamp. 10 bbl release was contained mostly on Caliche rd w/ slight runoff to south of rd.

Describe Area Affected and Cleanup Action Taken.\*

Approx. 60 yds. Runoff down Caliche rd. w/ a spray area of 30<sup>2</sup> yds. Spray area was treated w/ micro-bubble solution for Hydro-Carbonyl. w/ Approval from B.L.M. Road area to be back dressed & Blended

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: <u>Mike Self</u>	Approved by District Supervisor: <u>TIM GUM</u> by MB <u>Mike Self</u>	
Printed Name: <u>Mike Self</u>	Approval Date: <u>12/8/05</u>	Expiration Date:
Title: <u>Area Foreman</u>	Conditions of Approval: <u>Remediation per BLM/OCO Requirements</u>	
E-mail Address: <u>M.Self @ Merit Energy</u>	Attached <input type="checkbox"/>	
Date: <u>11-17-05</u> Phone: <u>505-706-4758</u>		

\* Attach Additional Sheets If Necessary

Spill area is Approx. 60 yds south of KB 22 Ins well & 40 yds west on Caliche rd.

CC to operator 12/8/05

**Table 1**  
**CONCENTRATIONS OF CHEMICALS OF CONCERN IN SOIL**

**Merit Energy**  
**Keel B # 22 Site**  
**Loco Hills, Eddy County, New Mexico**  
**Terracon Project Number 94057472C**

*All concentrations are in mg/kg*

SAMPLE DATE	SAMPLE LOCATION	SAMPLE DEPTH	Total Chlorides EPA 300.0	EPA Method 8015M				EPA Method 8021B			
				TPH C <sub>6</sub> -C <sub>12</sub>	TPH C <sub>12</sub> -C <sub>28</sub>	TPH C <sub>12</sub> -C <sub>35</sub>	TPH C <sub>6</sub> -C <sub>35</sub>	BENZENE	TOLUENE	ETHYL- BENZENE	TOTAL XYLENES
02/22/06	Comp	0-3"	<b>1,800</b>	6.70	236	81.9	318	<0.0250	<0.0250	<0.0250	<0.0250

**CONCENTRATIONS IN BOLD ARE ABOVE REGULATORY GUIDELINES**