

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

30-015-29001

Release Notification and Corrective Action

OPERATOR

Initial Report ☐ Final Report ☒

Name of Company: Merit Energy Company	Contact: Mike Self
Address: P.O. Box 69, Loco Hills N.M., 88255	Telephone No.: 505-706-4758
Facility Name: Turner A 58	Facility Type: Injection well- 1/4" bleed valve

Surface Owner: BLM	Mineral Owner: BLM	Lease No.: API # 30-015-29001
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ACL80605944609

LOCATION OF RELEASE

Unit Letter O	Section 18	Township 17-S	Range 31-E	Feet from the 560'	North/South Line South	Feet from the 1880'	East/West Line East	County Eddy
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Latitude 32* 49.694 Longitude 103* 54.372

NATURE OF RELEASE

Type of Release: Produced water with some hydrocarbon carryover	Volume of Release: 6.5 bbl	Volume Recovered: 0
Source of Release: 1/4" bleed valve	Date and Hour of Occurrence: 10/17/05 9:00am	Date and Hour of Discovery: 10/17/05 9:30am
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.	

If a Watercourse was Impacted, Describe Fully.*

N/A

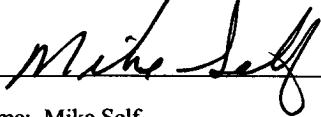


Describe Cause of Problem and Remedial Action Taken.*

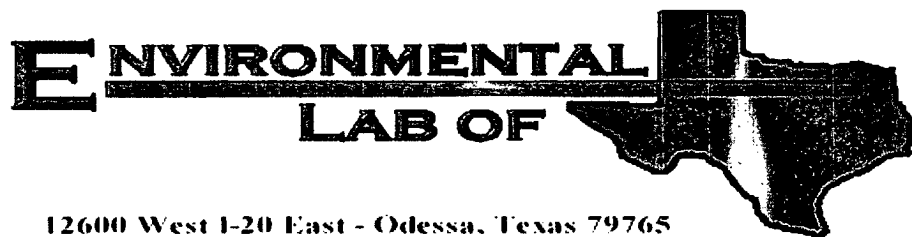
A 1/4" bleed valve had been "rubbed" open by a cow. The valve was closed and the handle was removed.

Describe Area Affected and Cleanup Action Taken.*

The affected area was a 25' x 25' area north of the well, a 10' x 15' area west of the well and a 1' x 75' strip south of the well into the pasture. Micro-Blaze was applied to the hydrocarbon affected area and tilled. Samples were taken at the surface from the north and west areas of the well location and at 2' bgs south of the location in the pasture. These samples were analyzed for total chlorides, TPH and BTEX. The chlorides in the north and west samples were 1,320 mg/kg and 9,460 mg/kg respectively. The south sample at the surface had a TPH concentration of < 10.0 mg/kg and the BTEX was <0.0250 mg/kg, at 2' bgs the chloride concentration was 764 mg/kg. The neighboring well location had a chloride concentration of 593 mg/kg.

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



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: Turner A #58 W.H.

Project Number: 94057472C

Location: Loco Hills

Lab Order Number: 6B23015

Report Date: 03/01/06

Terracon Consulting, Inc. 24 Smith Road, Ste. 261 Midland TX, 79705	Project: Turner A #58 W.H. Project Number: 94057472C Project Manager: Jim Hollon	Fax: (432) 684-9608 Reported: 03/01/06 14:27
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ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
North	6B23015-01	Soil	02/22/06 00:00	02/23/06 08:45
West	6B23015-02	Soil	02/22/06 00:00	02/23/06 08:45
2'	6B23015-03	Soil	02/22/06 00:00	02/23/06 08:45
South of TA #58	6B23015-04	Soil	02/22/06 00:00	02/23/06 08:45

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

Project: Turner A #58 W.H.
Project Number: 94057472C
Project Manager: Jim Hollon

Fax: (432) 684-9608

Reported:
03/01/06 14:27

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

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
North (6B23015-01) Soil									
Chloride	1320	20.0	mg/kg	40	EB62709	02/24/06	02/27/06	EPA 300.0	
West (6B23015-02) Soil									
Chloride	9460	200	mg/kg	400	EB62709	02/24/06	02/27/06	EPA 300.0	
2' (6B23015-03) Soil									
Chloride	764	10.0	mg/kg	20	EB62709	02/24/06	02/27/06	EPA 300.0	
South of TA #58 (6B23015-04) Soil									
Chloride	593	25.0	mg/kg	50	EB62709	02/24/06	02/27/06	EPA 300.0	

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24 Smith Road, Ste. 261
Midland TX, 79705

Project: Turner A #58 W.H.
Project Number: 94057472C
Project Manager: Jim Hollon

Fax: (432) 684-9608

Reported:
03/01/06 14:27

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

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EB62709 - Water Extraction										
Blank (EB62709-BLK1)				Prepared: 02/24/06 Analyzed: 02/27/06						
Chloride	ND	0.500	mg/kg							
LCS (EB62709-BS1)				Prepared: 02/24/06 Analyzed: 02/27/06						
Chloride	9.43	0.500	mg/kg	10.0		94.3	80-120			
Calibration Check (EB62709-CCV1)				Prepared: 02/24/06 Analyzed: 02/27/06						
Chloride	8.77		mg/L	10.0		87.7	80-120			
Duplicate (EB62709-DUP1)				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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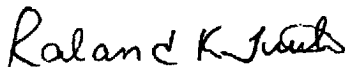
Fax: (432) 684-9608

Reported:
03/01/06 14:27

Notes and Definitions

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:



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.

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

12800 VVest I-20 East
Odega, Texas 79763
Phone: 815-483-1800
Fax: 815-863-1713

Project Name: TURNER A #58 W.H.I.
Project #: 94057472C
Project Loc: HOOD HILLS
PO #:

✱

Fax No: 6849608

Telephone No: 684-9602

Supplier Signature:

[illegible]

Special Instructions:

Sample Containers Intact?
Temperature Upon Receipt
Laboratory Comments:

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 08-11-2010 BY 60322 UCBAW/SAB/STP

Revised by:

Time

Meta

29 of 30

Received by ELO:

Time

Case	Age	Sex	Occupation	Duration	Onset	Course	Outcome
1	25	M	Student	10 days	Acute	Recovery	Good
2	30	F	Teacher	15 days	Subacute	Recovery	Good
3	35	M	Engineer	20 days	Chronic	Recovery	Good
4	40	F	Homemaker	25 days	Chronic	Recovery	Good
5	45	M	Manager	30 days	Chronic	Recovery	Good
6	50	F	Retired	35 days	Chronic	Recovery	Good
7	55	M	Farmer	40 days	Chronic	Recovery	Good
8	60	F	Teacher	45 days	Chronic	Recovery	Good
9	65	M	Engineer	50 days	Chronic	Recovery	Good
10	70	F	Homemaker	55 days	Chronic	Recovery	Good
11	75	M	Manager	60 days	Chronic	Recovery	Good
12	80	F	Retired	65 days	Chronic	Recovery	Good
13	85	M	Farmer	70 days	Chronic	Recovery	Good
14	90	F	Teacher	75 days	Chronic	Recovery	Good
15	95	M	Engineer	80 days	Chronic	Recovery	Good
16	100	F	Homemaker	85 days	Chronic	Recovery	Good
17	105	M	Manager	90 days	Chronic	Recovery	Good
18	110	F	Retired	95 days	Chronic	Recovery	Good
19	115	M	Farmer	100 days	Chronic	Recovery	Good
20	120	F	Teacher	105 days	Chronic	Recovery	Good

1047

w/label/gerseal

Variance / Corrective Action Report - Sample Log-In

Client: Tennison

Date/Time: 2/23/06 9:00

Order #: LB23015

Initials: OK

Sample Receipt Checklist

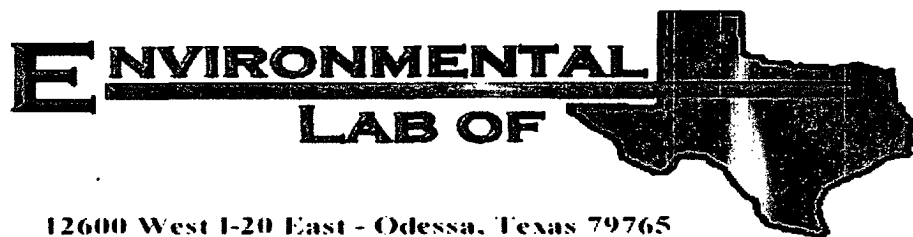
Temperature of container/cooler?	Yes	No	12.5 C
Shipping container/cooler in good condition?	<input checked="" type="checkbox"/> Yes	No	
Custody Seals intact on shipping container/cooler?	Yes	No	Not present
Custody Seals intact on sample bottles?	<input checked="" type="checkbox"/> Yes	No	Not present
Chain of custody present?	<input checked="" type="checkbox"/> Yes	No	
Sample Instructions complete on Chain of Custody?	<input checked="" type="checkbox"/> Yes	No	
Chain of Custody signed when relinquished and received?	<input checked="" type="checkbox"/> Yes	No	
Chain of custody agrees with sample label(s)	<input checked="" type="checkbox"/> Yes	No	
Container labels legible and intact?	<input checked="" type="checkbox"/> Yes	No	
Sample Matrix and properties same as on chain of custody?	<input checked="" type="checkbox"/> Yes	No	
Samples in proper container/bottle?	<input checked="" type="checkbox"/> Yes	No	
Samples properly preserved?	<input checked="" type="checkbox"/> Yes	No	
Sample bottles intact?	<input checked="" type="checkbox"/> Yes	No	
Preservations documented on Chain of Custody?	<input checked="" type="checkbox"/> Yes	No	
Containers documented on Chain of Custody?	<input checked="" type="checkbox"/> Yes	No	
Sufficient sample amount for indicated test?	<input checked="" type="checkbox"/> Yes	No	
All samples received within sufficient hold time?	<input checked="" type="checkbox"/> Yes	No	
VOC samples have zero headspace?	Yes	No	Not Applicable

Other observations:

Variance Documentation:

Contact Person: - _____ Date/Time: _____ Contacted by: _____
Regarding: _____

Corrective Action Taken:



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: Turner A #58

Project Number: 94057472 C

Location: Loco Hills

Lab Order Number: 5L23012

Report Date: 01/03/06

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

Project: Turner A #58
Project Number: 94057472 C
Project Manager: Jim Hollon

Fax: (432) 684-9608
Reported:
01/03/06 17:12

ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
N	5L23012-01	Soil	12/21/05 00:00	12/23/05 13:45
W	5L23012-02	Soil	12/21/05 00:00	12/23/05 13:45
S	5L23012-03	Soil	12/21/05 00:00	12/23/05 13:45

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

Project: Turner A #58
Project Number: 94057472 C
Project Manager: Jim Hollon

Fax: (432) 684-9608

Reported:
01/03/06 17:12

Organics by GC
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
S (5L23012-03) Soil									
Benzene	ND	0.0250	mg/kg dry	25	EL52311	12/23/05	12/28/05	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>		88.2 %	80-120		"	"	"	"	
<i>Surrogate: 4-Bromofluorobenzene</i>		112 %	80-120		"	"	"	"	
Gasoline Range Organics C6-C12	ND	10.0	mg/kg dry	1	EL52310	12/23/05	12/24/05	EPA 8015M	
Diesel Range Organics >C12-C35	J [9.00]	10.0	"	"	"	"	"	"	J
Total Hydrocarbon C6-C35	ND	10.0	"	"	"	"	"	"	
<i>Surrogate: 1-Chlorooctane</i>		114 %	70-130		"	"	"	"	
<i>Surrogate: 1-Chlorooctadecane</i>		129 %	70-130		"	"	"	"	

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

Project: Turner A #58
Project Number: 94057472 C
Project Manager: Jim Hollon

Fax: (432) 684-9608

Reported:
01/03/06 17:12

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

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
N (5L23012-01) Soil									
Chloride	11200	200	mg/kg	400	EL52910	12/28/05	12/29/05	EPA 300.0	
W (5L23012-02) Soil									
Chloride	11600	200	mg/kg	400	EL52911	12/29/05	12/29/05	EPA 300.0	
S (5L23012-03) Soil									
Chloride	6870	100	mg/kg	200	EL52911	12/29/05	12/29/05	EPA 300.0	
% Moisture	2.4	0.1	%	1	EL52708	12/23/05	12/27/05	% calculation	

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Midland TX, 79705

Project: Turner A #58
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Project Manager: Jim Hollon

Fax: (432) 684-9608

Reported:
01/03/06 17:12

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
Batch EL52310 - Solvent Extraction (GC)										
Blank (EL52310-BLK1)				Prepared & Analyzed: 12/23/05						
Gasoline Range Organics C6-C12	ND	10.0	mg/kg wet							
Diesel Range Organics >C12-C35	ND	10.0	"							
Total Hydrocarbon C6-C35	ND	10.0	"							
Surrogate: 1-Chlorooctane	45.7		mg/kg	50.0		91.4	70-130			
Surrogate: 1-Chlorooctadecane	49.5		"	50.0		99.0	70-130			
LCS (EL52310-BS1)				Prepared & Analyzed: 12/23/05						
Gasoline Range Organics C6-C12	444	10.0	mg/kg wet	500		88.8	75-125			
Diesel Range Organics >C12-C35	516	10.0	"	500		103	75-125			
Total Hydrocarbon C6-C35	959	10.0	"	1000		95.9	75-125			
Surrogate: 1-Chlorooctane	61.3		mg/kg	50.0		123	70-130			
Surrogate: 1-Chlorooctadecane	61.7		"	50.0		123	70-130			
Calibration Check (EL52310-CCV1)				Prepared: 12/23/05 Analyzed: 12/24/05						
Gasoline Range Organics C6-C12	438		mg/kg	500		87.6	80-120			
Diesel Range Organics >C12-C35	515		"	500		103	80-120			
Total Hydrocarbon C6-C35	953		"	1000		95.3	80-120			
Surrogate: 1-Chlorooctane	61.8		"	50.0		124	70-130			
Surrogate: 1-Chlorooctadecane	61.8		"	50.0		124	70-130			
Matrix Spike (EL52310-MS1)				Source: 5L23012-03	Prepared & Analyzed: 12/23/05					
Gasoline Range Organics C6-C12	493	10.0	mg/kg dry	512	ND	96.3	75-125			
Diesel Range Organics >C12-C35	565	10.0	"	512	9.00	109	75-125			
Total Hydrocarbon C6-C35	1060	10.0	"	1020	ND	104	75-125			
Surrogate: 1-Chlorooctane	58.0		mg/kg	50.0		116	70-130			
Surrogate: 1-Chlorooctadecane	63.7		"	50.0		127	70-130			
Matrix Spike Dup (EL52310-MSD1)				Source: 5L23012-03	Prepared & Analyzed: 12/23/05					
Gasoline Range Organics C6-C12	517	10.0	mg/kg dry	512	ND	101	75-125	4.75	20	
Diesel Range Organics >C12-C35	590	10.0	"	512	9.00	113	75-125	4.33	20	
Total Hydrocarbon C6-C35	1110	10.0	"	1020	ND	109	75-125	4.61	20	
Surrogate: 1-Chlorooctane	61.0		mg/kg	50.0		122	70-130			
Surrogate: 1-Chlorooctadecane	64.6		"	50.0		129	70-130			

Terracon Consulting, Inc. 24 Smith Road, Ste. 261 Midland TX, 79705	Project: Turner A #58 Project Number: 94057472 C Project Manager: Jim Hollon	Fax: (432) 684-9608 Reported: 01/03/06 17:12
---------------------------------------------------------------------------	------------------------------------------------------------------------------------	---------------------------------------------------------------

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
Batch EL52311 - EPA 5030C (GC)										
Blank (EL52311-BLK1)				Prepared & Analyzed: 12/23/05						
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	32.4		ug/kg	40.0		81.0	80-120			
Surrogate: 4-Bromofluorobenzene	36.3		"	40.0		90.8	80-120			
LCS (EL52311-BS1)				Prepared & Analyzed: 12/23/05						
Benzene	0.0413	0.00100	mg/kg wet	0.0500		82.6	80-120			
Toluene	0.0505	0.00100	"	0.0500		101	80-120			
Ethylbenzene	0.0566	0.00100	"	0.0500		113	80-120			
Xylene (p/m)	0.118	0.00100	"	0.100		118	80-120			
Xylene (o)	0.0591	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	44.0		"	40.0		110	80-120			
Calibration Check (EL52311-CCV1)				Prepared: 12/23/05 Analyzed: 12/27/05						
Benzene	43.6		ug/kg	50.0		87.2	80-120			
Toluene	50.2		"	50.0		100	80-120			
Ethylbenzene	50.0		"	50.0		100	80-120			
Xylene (p/m)	103		"	100		103	80-120			
Xylene (o)	50.5		"	50.0		101	80-120			
Surrogate: a,a,a-Trifluorotoluene	36.7		"	40.0		91.8	80-120			
Surrogate: 4-Bromofluorobenzene	35.7		"	40.0		89.2	80-120			
Matrix Spike (EL52311-MS1)				Source: 5L23012-03	Prepared: 12/23/05 Analyzed: 12/28/05					
Benzene	0.0452	0.00100	mg/kg dry	0.0512	ND	88.3	80-120			
Toluene	0.0545	0.00100	"	0.0512	ND	106	80-120			
Ethylbenzene	0.0580	0.00100	"	0.0512	ND	113	80-120			
Xylene (p/m)	0.121	0.00100	"	0.102	ND	119	80-120			
Xylene (o)	0.0586	0.00100	"	0.0512	ND	114	80-120			
Surrogate: a,a,a-Trifluorotoluene	35.7		ug/kg	40.0		89.2	80-120			
Surrogate: 4-Bromofluorobenzene	42.1		"	40.0		105	80-120			

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

Project: Turner A #58
Project Number: 94057472 C
Project Manager: Jim Hollon

Fax: (432) 684-9608

Reported:
01/03/06 17:12

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
Batch EL52311 - EPA 5030C (GC)										
Matrix Spike Dup (EL52311-MSD1)		Source: 5L23012-03		Prepared: 12/23/05 Analyzed: 12/28/05						
Benzene	0.0438	0.00100	mg/kg dry	0.0512	ND	85.5	80-120	3.22	20	
Toluene	0.0530	0.00100	"	0.0512	ND	104	80-120	1.90	20	
Ethylbenzene	0.0564	0.00100	"	0.0512	ND	110	80-120	2.69	20	
Xylene (p/m)	0.117	0.00100	"	0.102	ND	115	80-120	3.42	20	
Xylene (o)	0.0572	0.00100	"	0.0512	ND	112	80-120	1.77	20	
Surrogate: a,a,a-Trifluorotoluene	35.8		ug/kg	40.0		89.5	80-120			
Surrogate: 4-Bromofluorobenzene	42.8		"	40.0		107	80-120			

Terracon Consulting, Inc. 24 Smith Road, Ste. 261 Midland TX, 79705	Project: Turner A #58 Project Number: 94057472 C Project Manager: Jim Hollon	Fax: (432) 684-9608 Reported: 01/03/06 17:12
---------------------------------------------------------------------------	------------------------------------------------------------------------------------	--------------------------------------------------------

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
Batch EL52708 - General Preparation (Prep)									
Blank (EL52708-BLK1)				Prepared: 12/23/05 Analyzed: 12/27/05					
% Moisture	ND	0.1	%						
Duplicate (EL52708-DUP1)				Source: 5L23002-01 Prepared: 12/23/05 Analyzed: 12/27/05					
% Moisture	3.0	0.1	%		3.0		0.00	20	
Batch EL52910 - Water Extraction									
Blank (EL52910-BLK1)				Prepared: 12/28/05 Analyzed: 12/29/05					
Chloride	ND	0.500	mg/kg						
LCS (EL52910-BS1)				Prepared: 12/28/05 Analyzed: 12/29/05					
Chloride	8.62		mg/L	10.0		86.2	80-120		
Calibration Check (EL52910-CCV1)				Prepared: 12/28/05 Analyzed: 12/29/05					
Chloride	8.64		mg/L	10.0		86.4	80-120		
Duplicate (EL52910-DUP1)				Source: 5L23001-01 Prepared: 12/28/05 Analyzed: 12/29/05					
Chloride	139	5.00	mg/kg		146		4.91	20	
Batch EL52911 - Water Extraction									
Blank (EL52911-BLK1)				Prepared & Analyzed: 12/29/05					
Chloride	ND	0.500	mg/kg						
LCS (EL52911-BS1)				Prepared & Analyzed: 12/29/05					
Chloride	9.05		mg/L	10.0		90.5	80-120		

Terracon Consulting, Inc. 24 Smith Road, Ste. 261 Midland TX, 79705	Project: Turner A #58 Project Number: 94057472 C Project Manager: Jim Hollon	Fax: (432) 684-9608 Reported: 01/03/06 17:12
---------------------------------------------------------------------------	------------------------------------------------------------------------------------	---------------------------------------------------------------

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

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EL52911 - Water Extraction										
Calibration Check (EL52911-CCV1)				Prepared & Analyzed: 12/29/05						
Chloride	8.68		mg/L	10.0		86.8	80-120			
Duplicate (EL52911-DUP1)				Source: 5L23012-02 Prepared & Analyzed: 12/29/05						
Chloride	11700	200	mg/kg		11600			0.858	20	

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

Project: Turner A #58
Project Number: 94057472 C
Project Manager: Jim Hollon

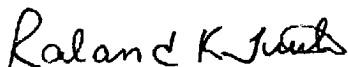
Fax: (432) 684-9608

Reported:
01/03/06 17:12

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:



Date:

1/3/2006

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 1-20 East
Odessa, Texas 79763

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

Project Manager: Jim Holloway

Company Name **TERACON**

Company Address: 24 Smith Rd. Ste. 261

City/State/Zip: MILANO TX 79705

Telephone No: 432-684-9600
Fax No: 432-684-9608

Sampler Signature:

Fax No: 432-684-9608

[illegible]

Environmental Lab of Texas

Variance / Corrective Action Report – Sample Log-In

Client: Terram

Date/Time: 12/23/05 13:45

Order #: 5L23012

Initials: CK

Sample Receipt Checklist

Temperature of container/cooler?	Yes	No	0.5	C
Shipping container/cooler in good condition?	<u>Yes</u>	No		
Custody Seals intact on shipping container/cooler?	Yes	No	<u>Not present</u>	
Custody Seals intact on sample bottles?	Yes	No	<u>Not present</u>	
Chain of custody present?	<u>Yes</u>	No		
Sample Instructions complete on Chain of Custody?	<u>Yes</u>	No		
Chain of Custody signed when relinquished and received?	<u>Yes</u>	No		
Chain of custody agrees with sample label(s)	<u>Yes</u>	No		
Container labels legible and intact?	<u>Yes</u>	No		
Sample Matrix and properties same as on chain of custody?	<u>Yes</u>	No		
Samples in proper container/bottle?	<u>Yes</u>	No		
Samples properly preserved?	<u>Yes</u>	No		
Sample bottles intact?	<u>Yes</u>	No		
Preservations documented on Chain of Custody?	<u>Yes</u>	No		
Containers documented on Chain of Custody?	<u>Yes</u>	No		
Sufficient sample amount for indicated test?	<u>Yes</u>	No		
All samples received within sufficient hold time?	<u>Yes</u>	No		
VOC samples have zero headspace?	<u>Yes</u>	No	Nct Applicable	

Other observations:

Variance Documentation:

Contact Person: - _____ Date/Time: _____ Contacted by: _____

Regarding: _____

Corrective Action Taken:

Table 1

CONCENTRATIONS OF CHEMICALS OF CONCERN IN SOIL

Merit Energy
 Turner A # 58 (Well Head) 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 ₆ -C ₁₂	TPH >C ₁₂ -C ₃₅	TPH C ₆ -C ₃₅	BENZENE	TOLUENE	ETHYL-BENZENE	TOTAL XYLENES
12/21/05	N	0"	11,200							
	W	0"	11,600							
	S	0"	6,870	<10	J [9.00]	<10	<0.025	<0.025	<0.025	<0.025
02/22/06	North	0"	1,320							
	West	0"	9,460							
	South	2'	764							
	(Background)	0"	593							

CONCENTRATIONS IN BOLD ARE ABOVE REGULATORY GUIDELINES

District I
1635 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Rancho 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

XX Initial Report ☐ Final Report

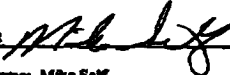
Name of Company: Merit Energy Company	Contact: Mike Self
Address: P.O. Box 69, Loco Hills N.M., 88255	Telephone No.: 505-706-4758
Facility Name: Tinner A 58	Facility Type: Injection well- 1/2" bleed valve
Surface Owner: BLM	Mineral Owner: BLM
Lease No.: API # 30-015-29001	

LOCATION OF RELEASE

Unit Letter O	Section 18	Township 17-S	Range 31-E	Feet from the 560'	North/South Line South	Feet from the 1880'	East/West Line East	County Eddy
------------------	---------------	------------------	---------------	-----------------------	---------------------------	------------------------	------------------------	----------------

Latitude 32° 49.694 Longitude 103° 54.372

NATURE OF RELEASE

Type of Release: Produced water with some hydrocarbon carryover	Volume of Release: 6.5 bbl	Volume Recovered: 0
Source of Release: 1/2" bleed valve	Date and Hour of Occurrence: 10/17/05 9:00am	Date and Hour of Discovery: 10/17/05 9:30am
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.	
If a Watercourse was impacted, Describe Fully.* N/A		
Describe Cause of Problem and Remedial Action Taken.* A 1/2" bleed valve had been "rubbed" open by a cow. The valve was closed and the handle was removed.		
Describe Area Affected and Cleanup Action Taken.* 25' x 25' area north of the well, 10' x 15' area west of the well and a 1' x 75' strip south of the well into the pasture. Micro-Blaze was applied and the area tilled. Samples taken to be analyzed for total chlorides, TPH and BTEX.		
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC rules and regulations all operations 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 NMOC marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, NMOC 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: Mike Self		Approved by District Supervisor:
Title: Area Foreman	Approval Date:	Expiration Date:
E-mail Address: m.self@meritenergy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 01/13/06	Phone: 505-677-2327	

* Attach Additional Sheets If Necessary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.

Director
Oil Conservation Division

12-Dec-05

MERIT ENERGY CO

PO Box 69
Loco Hills NM 88255

TURNER A No. 58

30-015-29001

O-18-117S-31E

The Form C-141 (Release Notification and Corrective Action) for the Turner A No. 58 has been reviewed and is being returned marked "denied" subject to the following comments:

1. The Date and Hour of Occurrence is given as "10-17-05 9:00 A". The Date and Hour of Discovery is given as "10-17-05 9:30 A". The OCD Inspector visited this well on 10-27-05 and found standing liquids across the location indicative of a recent release.
2. The Volume of Release is listed as "4 bbl". The OCD Inspector calculated the volumes based on the following table. Note that the "small pools of hydrocarbons" in the pasture were not included in this calculation indicating that the volume noted below is the lower estimate for this release.

Soil Type	Porosity	Length	Width	Depth (.083 per inch)	Cubic Feet	Estimated Barrels	Location
Medium Sand	0.25	75	1	0.25	18.75	0.84	Pasture S of well
Caliche Pad	0.26	25	25	0.083	51.87	2.40	Pad N of well
Caliche Pad	0.26	15	10	0.083	12.45	0.58	Pad W of well
Standing Liquids	X	15	10	0.083	12.45	2.22	Pad W of well
Standing Liquids	X	8	5	0.083	3.32	0.59	Pad N of well
						6.63	Total Volume

3. The Cleanup Action Taken is given as "The area was sprayed [with] microblaze and tilled [with] hand tiller on 11-12-05. Site to be monitored and re-sprayed or tilled if necessary." It is questionable whether the use of Micro-Blaze® would be effective in the environment at the Turner A No. 58. The product is designed as a hydrocarbon remediation agent and no data can be found that would support its use in a produced water release. In fact, high concentrations of highly chlorinated organics or inorganic salts are likely to be toxic to microorganisms in Micro-Blaze®. The use of Micro-Blaze® in this environment would not have been the preferred method for remediating the limited amount of hydrocarbons observed by the OCD Inspector. Tilling of the area, while it may have been a good choice for diluting the limited hydrocarbons in this release also would not have been the preferred method for remediating the produced water without introducing clean material to "cut in" and lower the potential chloride concentrations for this release.
4. The C-141 is not dated and no phone number is given.

The OCD District 2 Office is requiring that Merit Energy Company conduct further remediation on this location as follows:

- A. Samples showing concentrations of chlorides in the two pooling areas on the location and samples showing chloride, BTEX and TPH concentrations in the flow path in the pasture must be taken and submitted to the OCD District 2 Office prior to January 7, 2005. Contact the OCD District 2 Office to arrange a date and time that these samples may be witnessed by the OCD.
- B. A corrected Form C-141 is to be submitted prior to January 14, 2005.
- C. Based on the results of the samples a remediation work plan may be required for this release.

In the event that a satisfactory response is not received to this letter further enforcement will occur. Such enforcement may include issuance of a Notice of Violation to impose civil penalties or may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may also result in imposition of civil penalties for violations of OCD rules.



Artesia OCD District 2 Office

Nov 12 2005 5:00PM

MERIT ENERGY COMPANY

1505 2162

P. 1

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 <i>Merit Energy</i>	Contact <i>Mike Self</i>
Address <i>PO Box 69 1000 Hills Dr 88255</i>	Telephone No. <i>505-706-4758</i>
Facility Name <i>Turner A 38 Int Well</i>	Facility Type <i>Int Well - 1/4 Valve</i>
Surface Owner <i>B/M</i>	Mineral Owner <i>B/M</i>
Lease No.	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	<i>18</i>	<i>17-S</i>	<i>31-E</i>	<i>560'</i>	<i>FSL</i>	<i>1880'</i>	<i>FEL</i>	<i>Eddy</i>

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release <i>Produced H₂O w/ Hydrocarbon Comp.</i>	Volume of Release <i>4 bbl</i>	Volume Recovered <i>0</i>
Source of Release <i>1 1/4" Bleed off Valve</i>	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? <i>10-17-05</i> <i>9:00A</i>	<i>10-17-05</i> <i>9:30A</i>
By Whom?	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.*

A 1/4" Valve had been rubbed open by a cow. Valve was closed and Valve handle removed

Describe Area Affected and Cleanup Action Taken.*

Approximate 25' northeast & 15' southwest of well-head. The area was sprayed w/ micro blaze and tilled w/ hand tiller on 11-12-05. Site to be monitored and re-sprayed or tilled 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.

OIL CONSERVATION DIVISION

Signature: <i>Mike Self</i>	Approved by District Supervisor DENIED	
Printed Name: <i>Mike Self</i>		
Title: <i>Area Foreman</i>	Approval Date:	Expiration Date:
E-mail Address: <i>M.Self@Merit Energy</i>	Conditions of Approval:	Attached <input type="checkbox"/>
Date:	Phone:	

* Attach Additional Sheets If Necessary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Public Inspection Program
"Protecting the Integrity of Our Land and Water"*

28-Oct-05

MERIT ENERGY CO

PO Box 69

Loco Hills NM 88255

NOTICE OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

TURNER A No.058

O-18-17S-31E

30-015-29001-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/27/2005	Routine/Periodic	Chris Beadle	Yes	No	11/28/2005	iCLB0530040726

Violations

Surface Damage/Restoration

Surface Leaks/Spills

Comments on Inspection:

Well appears to have had a leak of produced fluids. Pooled liquids extend appx 25 feet northeast and 15 feet southwest of wellhead. A runoff path from the southwest pooled area leaves the location and enters pasture down slope to the south of wellhead. Some small pools of hydrocarbons observed in pasture.

Remediation is required. Submit C-141. Contact NMOCD District 2 Environmental Compliance Officer with site ranking and remediation work plan.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to OCD.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Ch. J. Beach

Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

ECO Notification

Date: Thursday, October 27, 2005
To: Environmental Compliance Officer, NMOCD District II
From: Chris Beadle
Subject: Turner A 58 - 30-015-29001 - Merit Energy Co.

Violation Opened? ☒ Yes ☐ No

Letter Sent? ☐ Yes ☐ No

Incident Opened? ☐ Yes ☒ No

n _____

GIVEN TO MIKE B TO SEND.

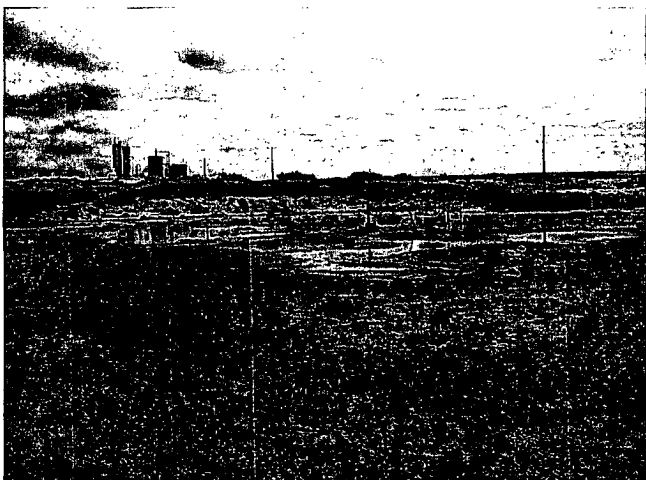


Photo of produced fluids on location, looking southeast.

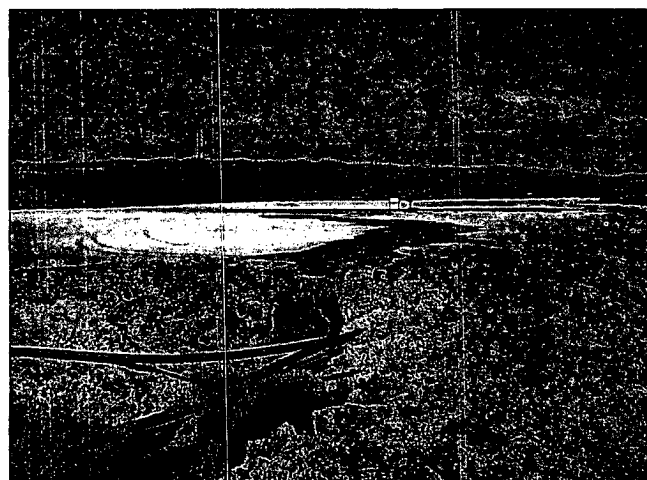


Photo of flow path off location into pasture SE of well, looking NW.



Photo of dugout area at discharge vavle, probable source of fluids.



Photo of hydrocarbons and other produced fluids on location.