

August 29, 2005

BP America Farmington NM Operations

✓ Federal GC # L 001 Oil Stain

UL-F Sec. 14 T 30N R 11W

30-045-20327

Bobby Vigil with the BLM arrived at our BP Office on 8/17/05 and dropped off a picture he had taken on the Federal Gas Com L 1 location. The picture identified what looked like a small fluid release that had oil absorbent on the stained area, however it was not raked in. I informed Bobby that we would look into this matter and get back with him once we knew what had happened. On Monday 8/22/05 we reviewed the picture with the field tech that provides oversight on this well, and he stated that during the unloading of the well, the well surged and approximately 10 gallons of produced water and paraffin oil had sprayed a 2' x 12' area through an open fitting on the separator. This resulted in surface staining. He immediately applied some bio-remediation material to begin treating the oil stain. We then asked him to go back to the location and rake the stained and treated area to enhance the bio-remediation effort. This was completed that morning. BLM was notified, and it was closed to Bobby Vigil's satisfaction. See attached pictures.

BP received an e-mail on 8/24/2005 from Marie Gutierrez (NMOGA), that was originally sent to NMOGA from Warren and Sug McNall, stating, "The nearby to the West BP Amoco Compressor Unit #490 Federal NM074015 Lease has a large oil leak off the NE corner of the compressor pad which is saturating the ground. There is also a large approx. 12 feet long x 3 to 4 feet wide dark oily stain on the ground near the NE corner of this compressor. The soil on this stain has been disturbed-----it appears that soil has been raked over the stain??? There is no evidence of removal of any of the contamination ie no shovel marks." The local BP office received no notification of this matter from the McNalls. We immediately dispatched personnel to the location, and found that there was minor staining around compressor, but could find no large oil leaks.

On 8/25/2005 this site was visited by both NMOCD (Denny Foust) and BLM (Sherrie Landon) personnel. The results of those inspections showed no evidence of any large oil leaks or any other obvious problems.

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(8-26-05)