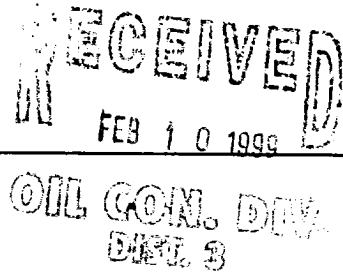


# A - PLUS WELL SERVICE, INC.

P.O. BOX 1979  
FARMINGTON, NM 87499  
505-325-2627 • FAX: 505-325-1211

February 3, 1999



Mr. Rand Carroll  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: Plugging Contract – Woosley Project Bid (IFB) No. 90-521-25-03315

Dear Mr. Carroll:

A-Plus Well Service is very pleased to be the successful bidder for the referenced project. Enclosed are the three items you requested, Insurance Certificate, Performance Bond and Labor and Materials Bond. Please advise if there are any problems.

Mr. Carroll, I hope you are aware that this project is somewhat different than other plugging projects we have completed for the NMOCD. The scope of work for the referenced project includes the testing, excavation and perhaps land farming or hauling of hydrocarbon contaminated soil from a large, very oily, unlined production pit at the central tank battery site. Hopefully, the following will help you understand that this project is going to cost more, perhaps much more, than the bid amount.

Mr. Denny Foutz was very clear during the on site inspection as to what the contractor will provide prior to contaminated soil excavation. It is A-Plus' understanding that included in the bid amount, we will obtain archaeological clearance for a 600' by 600' space at or near the central tank battery site. Then clear a 200' by 200' area to be used as a possible land farm site for the contaminated soil.

Excavation of the contaminated soil is not included in the bid amount. This is because we do not know how many cubic yards of soil will need to be excavated. Until we have an estimate of how much contaminated soil is present (by testing while digging), we do not know if it will be more cost effective to land farm on site or haul the contaminated soil to an approved commercial land farm. Again the soil testing, hauling or land farming costs are not included in the bid amount. As you can see, most of the significant cost driving questions will not be answered until we start excavating. The Supplemental Bid Rate Sheet has the unit costs to test, excavate, haul and/or land farm per hour or cubic yard.

In summary, I think the manner in which Mr. Foutz has handled the bidding procedure for this project is reasonable due to the many unknown factors. I believe that by working together we will be able protect the environment at a reasonable cost. Thank you for your cooperation in this matter. We look forward to the opportunity to work for you.

Sincerely,

A handwritten signature in cursive script, appearing to read "William F. Clark".

William F. Clark

cc: Mr. Denny Foutz, Aztec NMOCD