

BLAGG ENGINEERING, INC.

P.O. Box 87, Bloomfield, New Mexico 87413

Phone: (505)632-1199 Fax: (505)632-3903

Exhibit 1

August 3, 1999

Mr. Justin Winkler
Mallon Oil Company
P.O. Box 2797
Durango, Colorado 81302

Re: Soil Stockpile Test Results
Jicarilla SWD Spill
SE/4 Sec 7 - T30N - R3W
Rio Arriba County, New Mexico

Dear Mr. Winkler:

Pursuant to your request, Blagg Engineering, Inc. inspected and sampled a soil stockpile at the Mallon Oil Company Jicarilla SWD spill site on July 30, 1999. This testing was conducted to assist Mallon Oil Company and the Jicarilla Apache Tribe in determining the current status and final disposition of the soil in the stockpile.

The SWD disposal facility is located in SE/4 Sec. 7 - T30N - R3W, Rio Arriba County, New Mexico. The soil stockpile is placed south of the facility in a pile approximately 33' x 15' x 6' tall and includes roughly 75 cubic yards of material. When Blagg Engineering, Inc. inspected the pile it was moist to very moist and contained sand, silt, clay and imported gravels.

A 5-point composite sample of the stockpile was obtained and tested for volatile hydrocarbons using the Field Headspace Method. The composite sample registered 88 parts per million (ppm) by this method. The Jicarilla Apache Environmental Protection Office normally applies a closure standard of 100 ppm with the Field Headspace Method. This sample was within this closure standard.

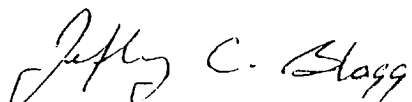
A split 5-point composite sample was submitted to Envirotech Laboratories for analysis of total petroleum hydrocarbons using U.S. EPA Method 8015. This test yielded a reading of 226 ppm. Additionally, this sample and a background sample were collected and submitted for laboratory testing of general chemistry by U.S. EPA Method 600/4-79-020. Both samples yielded similar results for cation/anion content. Note that there are no Federal, State or Jicarilla closure standards for general chemistry constituents in soils. The cation/anion levels found in the stockpile are not sufficiently different from the background sample to affect vegetation growth. Laboratory test reports are attached.

Blagg Engineering, Inc. recommends that Mallon Oil Company confer with the Jicarilla Apache

Environmental Protection Office to determine an appropriate closure standard for the hydrocarbon impacts found in the stockpile. Depending on interpretation of risk, a closure standard of 100 ppm, 1,000 ppm or 5,000 ppm total petroleum hydrocarbons could be applied to this site. Mallon Oil Company may consider landfarming the soils on site or transporting the material to an off site commercial landfarm.

It has been a pleasure to provide services for your use. Please contact myself if you have questions or need additional information.

Respectfully submitted,
Blagg Engineering, Inc.



Jeffrey C. Blagg, President
NMPE 11607

Attachment: Lab Reports

jcb/mallon2 rpt wpd