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June 28, 2016

Attn. Jamie Keyes

Environmental Specialists, District 1 Oil Conservation Division, EMNRD 1625 N. French Drive Hobbs, NM 88240

> RE: Updated Corrective Action Plan Chisos Limited John's B Federal #6 Battery UL/I, J, O, P sec. 26 T17S R32E 1RP – 3911-0

Mr. Keyes:

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By JKeyes at 7:56 am, Jul 11, 2016



Stipulations:

Delineation must be performed by December 15 2016. Liner must be secured so that the possibility of continued downward migration of contaminants from the area around and underneath the tanks is mitigated. An updated work plan must be submitted within 30 days after the complete delineation of the site. This work plan must include the remediation of the soils currently underneath the tanks.

Chisos Limited (Chisos) has retained Basin Environmental Service Technologies (Basin) to address potential environmental concerns at the above-referenced site.

Background and Previous Work

The site is located approximately four (4) miles southeast of Maljamar, New Mexico at Unit Letter I, J, O, P of Section 26 in Township 17 South of Range 32 East. This site is located in an area where groundwater is anticipated to be at approximately sixty-nine (69) +/- feet below ground surface (bgs).

Around October 8th, 2015, Chisos discovered a release of approximately fifty (50) barrels (bbls) of produced water when an electrical problem occurred causing a water tank to run over. Approximately forty-six (46) bbls were recovered. Approximately two-thousand eight-hundred twenty-five (2,825) square feet (ft²) of battery pad was impacted. In addition, there was a historical release in the pasture that impacted approximate four-thousand two-hundred thirteen (4,213) ft². New Mexico Oil Conservation Division (NMOCD) was notified of the release on October 8th, 2015, and an initial C-141 was submitted to NMOCD on October 8th, 2015, for approval.

Basin has set two (2) conduits in one section of pasture (south of battery) for the purpose of delineation as a high pressure line is in the immediate area.

Updated Corrective Action Plan

Within the battery containment, two six-inch (6") conduits (one on the east side and one on the west) will be installed to be utilized for the completion of delineation.

Within the battery, excavation has taken place to a depth of approximately four (4) feet below ground surface (bgs) where safe and practical. Basin will place a cushion layer of sand approximately 6" thick on the floor of the excavation. A twenty (20) mil liner will be installed and welded to the conduit to prevent the migration of contaminants further below or from percolating back to the surface. Another layer of sand approximately 6" thick will be placed on top of the liner to provide a cushion. The battery area will then be backfilled with clean, non-impacted soil and compacted and contoured to the surrounding area. The secondary containment of the battery will be re-installed.

At a later date (up to one [1] year), Basin will complete delineation within the battery as well as in the pasture by utilizing an environmental drilling rig. The pasture area to the west of the battery will be fully delineated (utilizing the drilling rig if necessary) as well as remediated according to NMOCD recommended remediation action limits (RRAL). The pasture remediation area will be backfilled with clean, non-impacted soil and contoured to the surrounding area. The pasture will be seeded with native vegetation free from noxious and invasive species.

Basin appreciates the opportunity to work with you on this project. Please contact me if you have any questions or wish to discuss the site.

Sincerely,

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Robbie Runnels Project Manager

Basin Environmental Service Technologies

(575) 393-2967