

**ORIGINAL
ASSESS-
MENT and
SCOPE OF
WORK**

4/2005

April 6, 2005

Mr. Benjamin E. Stone
Project Manager
State Of New Mexico, Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Amendment 1: Scope of Work, Job Cost Breakdown
General Petroleum Treating Plant
Eunice, New Mexico

Dear Mr. Stone,

Per our communication on April 4, 2005, a change in project budget for the above referenced site may occur based on available funding by Oil Conservation Division (OCD). It is understood that the project will be funded in three (3) separate budget phases with each budget phase being approximately six (6) months in duration. In addition, project operations are intended to be conducted continuously through completion to avoid excessive mobilization and demobilization costs.

The critical path of the project is based on quantities of exempt non-hazardous oilfield waste being removed from the site by excavation, transport, and disposal at a certified landfill. Project budget requirements will be met by varying the quantities removed and disposed during each budget phase. The quantity volumes may be adjusted upward or downward based on budgeted amounts.

RESPEC intends to work closely with the OCD Project Manager to maintain continuity of project performance while staying within the budget allowed during each project phase. Project budget performance will be tracked by using Microsoft Project software with monthly rollups provided to OCD Project Manager as backup for monthly project billing. The software allows for varying quantities and unit costs as is appropriate for maintaining track of sliding budgets.

Please sign and return as acknowledgement of the understanding of the budget process for this project.

Thank you for your attention to this matter and thank you for allowing RESPEC the opportunity of working with on this project.

Regards,

Dave Henard

Mr. Benjamin E. Stone, OCD, Project Manager

January 27, 2005

Mr. Benjamin Stone
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Stone:

Re: Work Plan for Remediation at the Former General Petroleum Inc. Oil Processing Plant Located in Eunice, Lea County, New Mexico

RESPEC is pleased to submit the following work plan and cost estimate for the above-referenced site. All work will be conducted in accordance with all pertinent state and federal regulations. A Professional Geologist will have direct supervisory control over the project. A minimum of 96 hours' advance notice will be given to the Oil Conservation Division (OCD) Project Manager before work starts.

RESPEC personnel visited the site on October 5, 2004 in order to assess site conditions. The site visit included a review of job specifications and work implementation. During the site visit, RESPEC personnel noted an exception to the original scope of work (see RESPEC's OCD-approved *Phase I and Phase II Environmental Site Assessment Report*, August 2002): the volume of fluids to be drained from the reserve pit had increased greatly because of the above-average rainfall over the summer and fall months.

The project is expected to take approximately 8 months to complete with an estimated cost of \$2,338,700.00, and the scope of work is organized into the following tasks:

TASK 1 – PREPARE THE WORK PLAN

This task involves the preparation of the work plan, the timeline for remedial action and construction, and cost estimates; site reconnaissance; and interaction with all subcontractors and the OCD Project Manager.



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TASK 2 – CONTACT NEW MEXICO ONE CALL AND MAP ALL BURIED UTILITIES

RESPEC will contact the New Mexico One Call system in order to locate, mark, and map all buried pipelines and utilities at the site. A One Call log will be maintained and updated as required during the project.

TASK 3 – HOLD A PREJOB CONFERENCE

RESPEC, the subcontractors, and the OCD Project Manager will hold a conference to detail remedial action procedures and construction activities; project budgeting and cost control; and requirements for safety procedures, local and county notification, and signage for public information and traffic control.

TASK 4 – PREPARE A HEALTH AND SAFETY PLAN

A site-specific health and safety plan (HASP) will be completed before fieldwork commences. The HASP will include, but not be limited to, the following: a site information summary; a list of key personnel on site and their responsibilities; a signature/acknowledgement sheet for all on-site personnel; tailgate meeting schedules and mandatory attendance logs; a list of site hazards; emergency information; an assessment of job hazards; requirements for personal protective equipment, air quality monitoring, decontamination, disposal, and employee training; and emergency procedures.

TASK 5 – PERFORM SAMPLING ANALYSIS AND A NORM SURVEY

RESPEC will perform a naturally occurring radioactive materials (NORM) survey of all pipes, tanks, and miscellaneous equipment prior to disposal or recycling. This task will continue for the duration of the demolition and disposal activities at the site. All empty tanks will be inspected and surveyed internally before demolition and surveyed externally before disposal or recycling. A registered NORM surveyor will perform the survey in accordance with 19.15.9.714 NMAC and 20.3.14 NMAC.

TASK 6 – REMOVE AND DISPOSE OF TANK CONTENTS AND INERT TANKS

All fluids and solids will be removed from two aboveground storage tanks (ASTs) located south of the reserve pits. The tanks have a capacity of 210 and 750 barrels, respectively. Crain Hot Oil Services (Crain) will provide a hot oil unit, trans-vac units, and all appurtenances for removal and disposal of the tank contents. All fluids and

solids will be removed to OCD-permitted facilities. Crain will then triple-rinse all tanks to inert for their removal and recycling. All triple-rinse fluids will be transported and disposed of at an OCD-permitted facility. The RESPEC Project Manager will oversee operations and track all transport disposal manifests and disposal certifications. The final report will include all operational procedures and criteria for transport and disposal. This phase of the operation is estimated to take 10 days.

Pursuant to the scope of work, all trash, including barrels, buckets, batteries, pipes, electrical meters, cut-up ASTs, etc., will be removed from the site for either disposal or recycling. All piping and other miscellaneous items will be staged for the NORM survey before their removal from the site.

Any required predisposal testing will be performed on a contingency basis. Laboratory expenses (for Trace Analysis or Pinnacle Laboratory) are not included in the purchase agreement with the OCD.

TASK 7 – DEMOLISH TANKS AND REMOVE THEM FOR RECYCLING

Two tanks (ASTs) will be removed from the site and recycled. Hobbs Iron Works will provide a shear for on-site crushing and will provide all necessary transportation of iron and metal objects from the site to its location in Hobbs, New Mexico. The RESPEC Project Manager will oversee these operations, including tank testing to assure that the tanks are inert, and will provide tank death certificates. The final report will include all operational procedures and criteria for transport and disposal. This phase of the operation is estimated to take 9 days.

TASK 8 – SURVEY TRASH AND REMOVE IT

All equipment and trash will be evaluated and a sample analysis will be performed as required to determine any environmental impact or need for special handling. Nonhazardous or nonregulated trash and debris will be separated and placed in roll-off bins for disposal at Lea County Landfill. Confirmed hazardous or regulated material will be disposed of or recycled per OCD requirements, which may include the use of RCRA Class D landfills. (The amount of on-site trash and debris is estimated to be less than one ton.) The RESPEC Project Manager will oversee testing and evaluation of trash and debris as well as proper disposal, providing manifests and certifications. An existing well boring (water well) with exposed steel casing will be plugged and abandoned by positively displacing cement slurry through a tremie pipe from the total depth of the well to 3 feet below surface grade. The casing will be cut at 3 feet below surface grade, and the excavation will be backfilled to surface grade. The final report

for polyaromatic compounds. Laboratory results will be included in the final report. This phase of the operation is estimated to take 2 days.

TASK 14 – EXCAVATE, TRANSPORT, AND DISPOSE OF RESERVE PIT CONTENTS

An estimated 43,000 cubic yards of contaminated soils will be removed from the existing reserve pit and transported to an OCD-permitted facility for proper disposal. The vertical and horizontal extent of contaminated soil will be defined by laboratory analysis of soil samples by EPA Method 8015 (MRO, DRO, GRO) for TPH. Samples will be field-screened with a portable PID unit by headspace field analysis. The pit will be backfilled with engineered fill (of proper moisture content and 85 percent compaction per proctor) to surface grade. The RESPEC Project Manager will oversee testing and evaluation of removed soils and their proper disposal, providing manifests and certifications. This phase of the operation is estimated to take 100 days.

TASK 15 – PREPARE AND SUBMIT THE FINAL REMEDIAL ACTION REPORT

Following completion of fieldwork, RESPEC will prepare the final Remedial Action Report and submit it to the OCD Project Manager. The report will include, but not be limited to, the following:

- A site map showing all buried pipelines, utilities, and monitoring well locations.
- The NORM survey results.
- Manifests documenting the volume of material removed from the tanks, the amount of contaminated soil removed outside the reserve pit, and the amount of contaminated soil removed from the reserve pit.
- The name of the company used for soil disposal and reclamation.
- The name of the facility used for tank reclamation or scrap iron recycling.
- The volume/weight of trash removed and the disposal/recycling company used.
- A tabulation of all analytical data gathered during the investigation.
- The laboratory results with chain-of-custody forms.
- A map, or maps, with cross-sections showing the location, depth, and concentrations of all removed waste material and sampling points.
- Conclusions and recommendations.

ASSUMPTIONS

- Excavation areas will be free of underground utilities and buried pipelines.
- Excavated areas will be finished with backfill.
- Access to the site will be during normal working hours.
- Trenching under tanks or overflow will be limited to one trench across the diameter of each tank/overflow to a depth of 2.5 feet and will be completed in one working day. Additional trenching will be available on a contingency basis.
- All waste at the site is considered exempt oil field waste. If, during the course of the investigation, the waste becomes classified as nonexempt, Trace Analysis or Pinnacle Laboratory will perform additional testing by toxic characteristics leaching procedure (TCLP) and testing for reactivity, corrosivity, and ignitability (RCI) to acquire a C-138 Oil Commission Permit. Additional disposal fees will be required if the waste is classified as nonexempt.
- All laboratory fees are not included in the General Petroleum purchase agreement between the OCD and RESPEC.
- On-site analysis will be performed during the excavation phase of the project. Soil removed from the site for disposal will have a TPH concentration of greater than 1,000 parts per million. A maximum of 48,500 cubic yards of contaminated soil will be removed. Because the vertical extent of oilfield waste below the reserve pit remains undefined, RESPEC implies no warranty or guarantee that regulatory requirements for Site Closure or No Further Action status will be met after the excavation phase has been completed.
- For the duration of the project, any delay or failure of the OCD, RESPEC or its subcontractors in their obligations as defined in this work plan shall be excused if and to the extent caused by *force majeure*.

INSURANCE

RESPEC maintains at its own expense the following insurance plans in amounts equal to or greater than the value of services to be performed under the terms of this work plan:

- Workers' compensation insurance: statutory.
- Employer's liability insurance of \$1,000,000 per occurrence, \$2,000,000 aggregate.

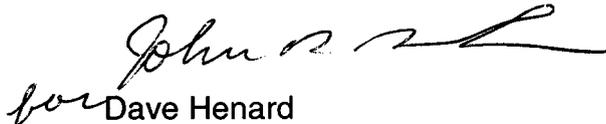
- Comprehensive general liability insurance of \$1,000,000 per occurrence, \$2,000,000 aggregate.
- Vehicle liability insurance of \$1,000,000 per occurrence (property damage and bodily injury combined).

Within 20 working days of the contract signing, RESPEC will provide the owner/operator (O/O) a certificate of insurance naming the O/O as the certificate holder.

Respectfully submitted by:



Tom Zeller
President



Dave Henard
Project Geologist

DAH:pas

Enclosure

cc: Project Central File 1349 — Category F

**Cost Estimate
General Petroleum Site Reclamation
Eunice, New Mexico**

Vendor No. 5187719
PA Number: 40-805-09-18283

RESPEC Inc.
Commodity Code: 72002 66074

TOTAL - TASKS 1 THROUGH 15

LN	QTY	RATE	UNIT	COST	DESCRIPTION
*0001	800	\$75.00	Hour	\$60,000.00	Principal
*0002	1300	\$70.00	Hour	\$91,000.00	Senior Scientist
*0003	800	\$63.00	Hour	\$50,400.00	Project Manager/Certified Scientist
*0004	600	\$50.00	Hour	\$30,000.00	Staff Scientist
*0005		\$36.00	Hour	\$0.00	Field Technician II
*0006		\$31.00	Hour	\$0.00	Field Technician I
*0007	100	\$35.00	Hour	\$3,500.00	Draftsperson II
*0008		\$25.00	Hour	\$0.00	Draftsperson I
*0009	200	\$32.00	Hour	\$6,400.00	Administrator
*0010	1	\$30.00	Hour	\$30.00	Secretary
*0011	1	\$20.00	Hour	\$20.00	Clerk
*0042	20000	\$0.32	Mile	\$6,400.00	Personal Vehicle Mileage
*0043	350	\$65.00	Each	\$22,750.00	Per Diem/Overnight
*0044	12000	\$6.50	Each	\$78,000.00	Barrel Disposal - Fluids
*0045	321000	\$6.20	Each	\$1,990,200.00	Barrel Disposal - Solids

Subtotal \$ 2,338,700.00
NMGRT \$ 157,862.25
Grand Total \$ 2,496,562.25

\$ 750,000.00 Due at project start
\$ 873,281.12 Due at start of third month
\$ 873,281.13 Due at start of sixth month



Attn: Ed Martin

476 3462

GSD/PD 003-B1 (Rev. 12/91)

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

4

AWARDED VENDOR
(6)

Telephone No. _____

CONTRACT AMENDMENT

CONTRACT NUMBER: 40-805-02-18283

CONTRACT AMENDMENT NO.: 2 06

TERM: NOV. 24, 2003 TO NOV. 23, 2004

NOV 23 2004
C-3-3 21 3 15

SHIP TO:
NMDOT AS SPECIFIED
LOCATION AS DESCRIBED.
DESCRIBED IN BID
SANTA FE, NM 87504

INVOICE:
NM DOT AS SPECIFIED
LOCATION AS DESCRIBED
DESCRIBED IN BID
SANTA FE, NM 87504

For questions regarding this contract please contact:

Procurement Specialist: ELIZABETH OLONA 330

Telephone No.: 505-827 - 0480

COMMODITY: SITE MAINTENANCE & MONITORING

THIS CONTRACT AMENDMENT IS TO BE ATTACHED TO THE RESPECTIVE CONTRACT AND BECOME A PART THEREOF.

THIS AMENDMENT IS ISSUED TO REFLECT THE FOLLOWING EFFECTIVE

IN ACCORDANCE WITH CONTRACT PROVISIONS, AND BY MUTUAL AGREEMENT OF ALL PARTIES, THIS CONTRACT IS EXTENDED TO ALL SIX VENDOR FROM NOVEMBER 23, 2004 TO NOVEMBER 23, 2005 AT THE SAME PRICE, TERMS AND CONDITIONS.

EXCEPT AS MODIFIED BY THIS AMENDMENT, THE PROVISIONS OF THE CONTRACT SHALL REMAIN IN FULL FORCE AND EFFECT.

ACCEPTED FOR THE STATE OF NEW MEXICO

Elizabeth L. Olona
NEW MEXICO STATE PURCHASING AGENT

DATE: 11/30/04

PURCHASING DIVISION, 1100 ST. FRANCIS DRIVE 87505 / , PO BOX 26110, SANTA FE, NM 87502-0110 (505) 827-0472



RETURN TO
STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT
PURCHASING DIVISION
PO DRAWER 26110
SANTA FE, NEW MEXICO 87502-0110
(505) 827-0472

RECEIVED

DEC 06 2004

OIL CONSERVATION
DIVISION

N.M. STATE DEPT.
PROPERTY CONTROL

03 NOV 30 11 14 58

AMENDMENT NO. ONE

DATE: NOVEMBER 24, 2003

TO: ALL AWARDED VENDORS

FROM: *Kevin Jones Deputy*
NEW MEXICO STATE PURCHASING AGENT

RE: INVITATION TO BID: 40-805-09-18283

DEPARTMENT: NM DEPARTMENT AND TRANSPORTATION

COMMODITY: SITE MAINTENANCE & MONITORING

OPENING DATE: OCTOBER 15, 2003

*KATHRYN KRETZ
827-0705*

THIS AMENDMENT IS ISSUED TO REFLECT THE FOLLOWING:

CORRECT LANGUAGE ON MOO3, PARAGRAPH 3

FROM:

A 100% PERFORMANCE BOND AND A 100% PAYMENT AND MATERIALS BOND EXECUTED BY A SURETY COMPANY AUTHORIZED TO DO BUSINESS IN THE STATE OF NEW MEXICO WILL BE REQUIRED OF THE SUCCESSFUL BIDDER PRIOR TO AWARD OF CONTRACT.

TO READ:

"PRIOR TO ISSUANCE OF A CONTRACT ORDER, THE SUCCESSFUL AWARDED CONTRACTOR MUST PROVIDE A PERFORMANCE BOND AND A PAYMENT AND MATERIALS BOND EXECUTED BY A SURETY COMPANY AUTHORIZED TO DO BUSINESS IN THE STATE OF NEW MEXICO EQUAL TO 100% OF THE TOTAL CONTRACT ORDER. THE CONTRACTOR MUST DELIVER SAID BONDS TO THE ORDERING HIGHWAY DISTRICT'S PURCHASING OFFICE WITHIN TEN (10) CALENDAR DAYS AFTER NOTIFICATION OF A FORTHCOMING CONTRACT ORDER. FAILURE TO COMPLY SHALL RESULT IN THE CONTRACT ORDER BEING ISSUED TO ANOTHER CONTRACTOR".

ALL OTHER ITEMS, TERMS AND CONDITIONS SHALL REMAIN THE SAME.

MV;RJ;EO;IG

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT
PURCHASING DIVISION**

Page 2

CONTRACT**ARTICLE I - STATEMENT OF WORK**

Contract to provide requirements as indicated in specifications

ARTICLE II - TERM

The term of this Contract will be as indicated in specifications

ARTICLE III - TERMINATION

This Contract may be terminated by either signing party upon written notice by either party to the other at least thirty (30) days in advance of the date of termination. Termination of this contract, however, shall not affect any outstanding orders. This provision is not exclusive and shall not waive other rights and remedies afforded either party in the event of breach of contract or default. In such instances the contract may be cancelled effective immediately.

ARTICLE IV - AMENDMENT

This Contract may be amended by mutual agreement of the NM State Purchasing Agent and the contractor upon written notice by either party to the other. An amendment to this Contract **SHALL NOT AFFECT ANY OUTSTANDING ORDERS** issued prior to the effective date of the amendment as mutually agreed upon, and as published by the NM State Purchasing Agent. Amendments affecting price adjustments and/or extension of contract expiration are not allowed unless specifically provided for in bid and contract documents.

ARTICLE V - PRICE SCHEDULE

Price(s) as listed are firm.

ARTICLE VI - INDEMNITY CLAUSE

Contractor shall indemnify and hold harmless the State, its officers and employees, against liability, claims, damages, losses or expenses arising out of bodily injury to persons or damage to property caused by, or resulting from, contractor's and/or its employees, own negligent act(s) or omissions(s) while contractor, and/or its employees, perform(s) or fails to perform its obligations and duties under the terms and conditions of this agreement. This save harmless and indemnification clause is subject to the immunities, provisions, and limitations of the tort claims act (41-4-1, et seq., N.M.S.A. 1978 comp.) and section 57-7-1 N.M.S.A. 1978 comp. and any amendments thereto.

It is specifically agreed between the parties executing this agreement that it is not intended by any of the provisions of any part of the agreement to create the public or any member thereof a third party beneficiary or to authorize anyone not a party to the agreement to maintain a suit(s) for wrongful death(s) bodily and/or personal injury(ies) to person(s), damage(s) to property(ies) and/or any other claims(s) whatsoever pursuant to the provisions of this agreement.

Vendor shall provide all insurance necessary to employees on the work site, including but not limited to worker's compensation.

ARTICLE VII - CONTRACTOR AGREEMENT

Contractor agrees to:

- A. Furnish all equipment, material, labor and tools, required to perform the work specified.
- B. Provide competent supervision and skilled personnel to perform all work in progress.
- C. Comply with all local, state, and federal laws governing safety, health and sanitation. The contractor shall provide all safeguards, safety devices and protective equipment, and take any other needed actions necessary to protect the life and health of employees on the job and the safety of the public, and to protect the property of the state of New Mexico in connection with the performance of the work covered by this contract.
- D. Provide the workers adequate insurance, including but not limited to worker's compensation.
- E. Make necessary arrangements for storage of his/her tools and/or equipment. The state agency will not be responsible for any lost or stolen property.
- F. Be responsible for all cleanup work on the project site and at the equipment storage area (s) prior to final inspection and acceptance.
- G. Comply with all applicable codes for this type of work.
- H. Be held liable for any damages which occur because of his/her negligence or that of his/her employees.

CONTRACTOR LICENSE NUMBER (IF APPLICABLE) _____ CLASSIFICATION: _____

STATE OF NEW MEXICO

GENERAL SERVICES DEPARTMENT

40-805-09-18283

PURCHASING DIVISION

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CONTRACT VENDORS:

(1)-5080420 505-821-1801 PAY DISC: 30 DAYS NET
AMEC EARTH & ENVIRONMENTAL INC FOB: DESTINATION
8519 JEFFERSON NE DELIVERY: AS REQUESTED

ALBUQUERQUE NM 87113-0000 TAX-ID - 911641772

(2)-5132396 505-243-3200 PAY DISC: 45 DAYS NET
CAMP DRESSER & MCKEE INC FOB: DESTINATION
121 TIJERAS AVE NE DELIVERY: USPS
SUITE 1000

ALBUQUERQUE NM 87102-0000 TAX-ID -

(3)-5525755 505-246-1600 PAY DISC: NET 30 DAYS
INTERA INC FOB: DESTINATION
6501 AMERICAS PKWY NE #820 DELIVERY: 2 WEEKS

ALBUQUERQUE NM 87110-0000 TAX-ID -

(4)-5422702 505-334-7373 PAY DISC: NET 30-DAYS
KLEINFELDER INC FOB: DESTINATION
8300 JEFFERSON NE STE B DELIVERY: AS REQUESTED

ALBUQUERQUE NM 87113-0000 TAX-ID -

(5)-5187719 505-268-2661 PAY DISC: NET 30
RESPEC INC FOB: DESTINATION
4775 INDIAN SCHOOL RD NE DELIVERY: AS REQUESTED
SUITE 300

ALBUQUERQUE NM 87110-0000 TAX-ID -

(7)-5293090 505-884-5050 PAY DISC: NET
WESTON SOLUTIONS INC FOB: DESTINATION
6565 AMERICAS PKWY NE DELIVERY: AS REQUESTED
SUITE 200

ALBUQUERQUE NM 87110-0000 TAX-ID -