

April 10, 2006

NMOCD District 2 Office
Oil Conservation Division
Chris Beadle
1301 West Grand
Artesia, New Mexico 88210

RE: Letter of Violation for Range Operating New Mexico, Inc. Inspection, South
Culebra Bluff (SCB) Unit No. 003

Chronology

On January 11, 2006 during a random inspection of Range Operating New Mexico, Inc. (Range) site South Culebra Bluff (SCB) Unit No 003 it was observed that the site had a spill of approximately two barrels. Greg Swindle of WBESI was being accompanied on the inspection by Chris Beadle of the NMOCD. Mr. Swindle contacted Rudy Garcia field foreman for Range -Loving office to discuss the situation. Mr. Garcia had asked a contract crew to clean out the cellar and assumed they would pump out the site. However, the crew cleaned the cellar with buckets and dumped the waste on the ground. The site was assessed for a formal work plan and specific site information obtained. The site was assessed for a formal work plan and specific site information obtained.

On March 29, 2006 after receiving notice from Tony Tucker, Range Resources Production Foreman Loving New Mexico Area., of completion of excavation and remediation; Ronnie Taylor of White Buffalo Environmental Services Inc arrived on site to perform final sampling. A sample was collected from the floor area of the spill site. The sample was immediately placed on ice for transportation and shipment to ASK Laboratories in Amarillo, Texas. The sample was analyzed for BTEX, TPH (NM 8015N), and Chloride content.

On April 10, 2006 the sample results were received from the laboratory. The results revealed that the BTEX, and TPH concentrations were above remediation limits. Further excavation will be performed and a future sampling date will be coordinated with you.

Please review the attached results and notify me via letter or email if you have any questions.

Sincerely,



Greg Swindle,
President
WBESI

Enclosures:

Laboratory results

ASK Laboratories, Inc.

Analytical Services Kwik!

ASK LABORATORIES, INC.
5935 GLENOAK LANE
AMARILLO, TEXAS 79109

Attn: CUSTOMER SERVICES
Phone: (806) 353-4425

WHITE BUFFALO ENVIRO. SERVICE
5425 BEN FICKLIN ROAD
SAN ANGELO, TX 76904

Attn: GREG SWINDLE

Order #: 06-03-131
Date: 04/06/06 09:46
Work ID: FLOOR COMPOSITE
Date Received: 03/31/06
Date Completed: 04/06/06

Purchase Order: RANGE SCB23 #3-B/
Invoice Number:

Client Code: WHITE_BUFF

SAMPLE IDENTIFICATION

<u>Sample Number</u>	<u>Sample Description</u>
01	FLOOR COMPOSITE

<u>Sample Number</u>	<u>Sample Description</u>
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Certified By

ALAN D. KING

5935 Glenoak Lane
Amarillo, Texas 79109
Telephone (806) 353-4425
Toll Free 1-800-423-9443
Facsimile (806) 352-6454

ASK Laboratories, Inc.

Analytical Services Kwik!

Order # 06-03-131

ASK LABORATORIES, INC.

Page 2

04/06/06 09:46

TEST RESULTS BY SAMPLE

Sample: 01A FLOOR COMPOSITE

Collected: 03/29/06 09:20

<u>Test Description</u>	<u>Result</u>	<u>SQL</u>	<u>Units</u>	<u>Analyzed</u>	<u>By</u>
PERCENT SOLIDS - DRY WT.	94.45		wt % solids	03/31/06	BJP
CHLORIDE ON SOLIDS	6260	100	mg/kg	03/31/06	BNH
Total Pet. Hydrocarbons					
TPH C6-C12 - GRO	<78.7	78.7	mg/kg	04/05/06	BNH
TPH C12-C28 - DRO	5100	78.7	mg/kg	04/05/06	BNH
TPH C28-C35	982	78.7	mg/kg	04/05/06	BNH
BTEX					
BENZENE	<0.017	0.017	mg/kg	04/03/06	KDJ
TOLUENE	<0.017	0.017	mg/kg	04/03/06	KDJ
ETHYLBENZENE	<0.017	0.017	mg/kg	04/03/06	KDJ
XYLENE	<0.017	0.017	mg/kg	04/03/06	KDJ
Surrogates					
BROMOFLUOROBENZENE	109	Min: 80		Max: 120	

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ASK LABORATORIES, INC.

Page 3

QA/QC INFORMATION

	LCS	MS	MSD	RPD	BLANK
MTBE	100%	107%	106%	0.4%	bd1
BENZENE	99%	95%	93%	1.6%	bd1
TOLUENE	96%	90%	91%	1.1%	bd1
ETHYLBENZENE	99%	95%	96%	1.0%	bd1
o-XYLENE	100%	93%	94%	0.8%	bd1
m,p-XYLENES	100%	97%	97%	0.0%	bd1
METHOD 8015	LCS	MS	MSD	RPD	BLANK
TPH	95%	94%	92%	2.3%	bd1
COMPOUND	RPD	SPIKE RECOVERY	QC RECOVERY	BLANK	
CHLORIDE	0.9%	91%	94%	bd1	

bd1 = below detectable levels

TEST METHODOLOGIES

TEST CODE : SOLIDS TEST NAME : PERCENT SOLIDS FOR DRY WT CORRECTIONS

REFERENCE CLP PROTOCOL/ SECTION IV/ PART F

TEST CODE : 8015N TEST NAME : TRPH-8015M (GRO, DRO, C28-35)

METHOD 8015M GCFID GAS CHROMATOGRAPHY WITH FLAME-
IONIZATION DETECTOR. SW-846 TEST METHODS FOR
EVALUATING SOLID WASTES.

TEST CODE : BTEX TEST NAME : BTEX

METHOD 8260 GC/MS GAS CHROMATOGRAPHY WITH MASS-
SELECTIVE DETECTOR. SW-846 TEST METHODS FOR
EVALUATING SOLID WASTES.

TEST CODE : CL_SOL TEST NAME : CHLORIDE ON SOLID

METHOD 300.0 : ION CHROMATOGRAPHY
METHODS FOR CHEMICAL ANALYSIS OF WATER AND WASTES,

METHOD 9056 ION CHROMATOGRAPHY
SW-846 TEST METHODS FOR EVALUATING SOLID WASTES.

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Chain of Custody Record

Work Order No. _____
Client Name White Buffalo Environmental
Project I.D./Location Range Operating SCB 23 #3-B
Address 5425 Ben Ficklin Rd. San Angelo, TX 76904
Telephone (325) 651-9054
Sampled By Ronnie Taylor

Please note: Liability and Damages. ASK Laboratories liability and clients exclusive remedy for any claim arising whether based in contract or tort shall be limited to the amount paid by the client for the analyses. All claims, including those for negligence and other cause whatsoever shall be deemed waived unless made in writing and received by ASK Laboratories within thirty days of the applicable service. In no event shall ASK Laboratories be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by the client, its subsidiaries, affiliates, or successors arising out of or related to the performance of services rendered by ASK Laboratories, regardless of whether such claims is based upon any of the preceding stated reasons or otherwise.

Sample #	Date	Time	Matrix	Composite	Grab	Sample Description	No. of Containers	Analysis Required	Remarks
01	3/29/06	9:20	soil	X		Floor composite	1	XXX	glass
02									
03									
04									
05									
06									
07									
08									
09									
10									

Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
<i>[Signature]</i>	3/30/06	8:00A	<i>[Signature]</i>	3/30/06	8:00A
<i>[Signature]</i>	3/30/06	16:30P	<i>[Signature]</i>	3/30/06	16:30P
<i>[Signature]</i>	3/30/06	0700	<i>[Signature]</i>	3/30/06	0700

Client Agrees to:	Remarks:
Accept Returned Sample	Headspace
Pay for sample Disposal (\$30 per 100 grams)	Properly Sealed
Client's Signature	Chilled to 40° F
	Tamper Seal
	Type of Container
	Additional Comments:

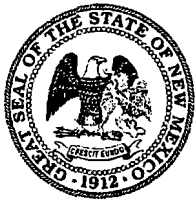
Yes	No	If Yes, Amt.	If No, Explain
<input checked="" type="checkbox"/>	<input type="checkbox"/>		
<input checked="" type="checkbox"/>	<input type="checkbox"/>		
<input checked="" type="checkbox"/>	<input type="checkbox"/>		
<input checked="" type="checkbox"/>	<input type="checkbox"/>		

White Buffalo Environmental Services, Inc.

5425 Ben Ficklin Road San Angelo, Texas 76904

Phone: 325-651-9054 Fax: 325-651-2125

Client (Name): Range						Project (Name): South Culebra Bluff 23 # 3-B							
Address:													
City, State, Zip:						Location: Loving, NM							
Telephone:													
Fax:													
W.B.E.S. Lab No.	Date	Time	Comp. Grab.	Sample Description	No. of Samples	Type of Container	BTEX	TRPH NM	TCLP	RCRA Metals	TDS	PAH	CHLORIDES
06-	3/29	9:20	X	Floor composite	1	glass	X	X					X
06-													
06-													
06-													
06-													
06-													
06-													
06-													
06-													
06-													
06-													
Sampled By: <i>[Signature]</i>	Date: 3/29/06	Time: 9:20 A	Temp.: _____ Date: _____ Time: _____										
Relinquished By: <i>[Signature]</i>	Date: 3/30/06	Time: 9:00 A	Temp.: _____ Date: 3/30/06 Time: 8:00A										
Relinquished By: <i>[Signature]</i>	Date: 3/30/06	Time: 9:00 A	Temp.: _____ Date: 3/30/06 Time: 8:00A										
Relinquished By: <i>[Signature]</i>	Date: 3/30/06	Time: 9:00 A	Temp.: _____ Date: 3/30/06 Time: 8:00A										



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Range Operating New Mexico, Inc.

777 Main Street, Suite 800

Fort Worth, TX 76102

January 30, 2006

REMEDIATION WORK PLAN CONDITIONS OF APPROVAL - SOUTH CULEBRA BLUFF UNIT NO. 3

Dear Operator:

A review of the remediation work plan submitted on January 27, 2006, by White Buffalo Environmental Services, Inc., for the South Culebra Bluff Unit #3 (30-015-22700) has been completed by this office. Conditions for approval are as follows:

- Highly Contaminated/Saturated Soils must be remediated by excavating to the maximum depth and horizontal extent practicable until a representative sample from the walls and bottom of the excavation is below the contaminant specific remediation level. Upon reaching this limit samples should be taken from the walls and bottom of the excavation to determine the remaining levels of soil contaminants. All soils removed from the location must be documented as to contaminants in the soils, contaminant levels, method of determining contaminant levels and disposition of the soils (OCD approved landfarm, centralized site, etc.).
 - Highly contaminated/saturated soils are defined as those soils which contain a free liquid phase or exhibit gross staining.
- Unsaturated Contaminated Soils may be excavated or may be remediated by treatment of soil in place, until a representative sample is below the contaminant specific remediation level. One time applications of contaminated soils may be landfarmed on location by spreading the soil in an approximately six inch lifts within a bermed area. Only soils which do not contain free liquids can be landfarmed. The soils should be disced regularly to enhance biodegradation of the contaminants. If necessary and upon approval by OCD, moisture and nutrients may be added to the soil to enhance aerobic biodegradation. Due to the site ranking score for this location, this is considered to be a high risk area and an impermeable liner is required to prevent leaching of contaminants into the underlying soil. Landfarming sites that will receive soils from more than one location are considered centralized sites and must be approved separately by the OCD prior to operation. All soils removed from the location must be documented as to contaminants in the soils, contaminant levels, method of determining contaminant levels and disposition of the soils (OCD approved landfarm, centralized site, etc.).
 - Unsaturated contaminated soils are defined as soils which are not highly contaminated/saturated but contain benzene, toluene, ethylbenzene and xylenes (BTEX) and total petroleum hydrocarbons (TPH) or other potential fresh water contaminants unique to the leak, spill or release (e.g. chlorides).
- Contaminated soils requiring remediation should be remediated so that residual contaminant concentrations are below the recommended soil remediation action level. Chloride levels should be remediated to naturally occurring background levels. If soil action levels cannot practicably be attained, a detailed evaluation of risk may be performed and provided in writing to OCD for approval showing that the remaining contaminants will not pose a threat to present or foreseeable beneficial use of fresh water, public health and the environment.

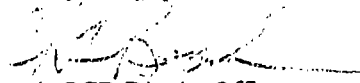
- Once the "most cost effective means of disposal or onsite bioremediation" has been determined, as outlined in the remediation work plan, a supplement to the remediation work plan describing the method of disposal or bioremediation must be submitted to the OCD District 2 Office for approval.
- If ground water is encountered during the soil/waste characterization, excavation or remediation of the impacted soils, a sample should be obtained to assess the potential impact on ground water quality and the OCD District 2 Office should be notified immediately.
- Notify OCD District 2 Office 24 hours prior to conducting work by Range Operating New Mexico, Inc., contractors or sub-contractors that is intended to excavate, wash, move or disturb (such as in tilling, blading, etc.) soils or contaminated materials for the purpose of remediation, or hauling any soils or contaminated materials into or out of the location covered under this remediation work plan. This notification is to ensure NMOCD personnel are able to monitor compliance with approved remediation work plans as required by the New Mexico Administrative Code. Therefore, if a reasonable schedule of work cannot be provided then a separate notification that work is to resume is required if work ceases at the location for more than 5 days.
- Notify OCD District 2 Office 24 hours prior to obtaining samples where analysis of samples will be submitted to OCD. ALL final delineation sample results must be submitted to the OCD whether or not the OCD actually witnesses those samples being taken.
- Upon termination of any required remedial actions, the area of a leak, spill or release may be closed, **after obtaining approval for the closure from the OCD District 2 office**, by backfilling any excavated areas, contouring to provide drainage, revegetating the area or other OCD approved methods. Upon completion of remedial activities a final report summarizing all actions taken to mitigate environmental damage related to the leak, spill or release will be provided to OCD for approval.

Acceptance of the remediation work plan does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of reports and work plans does not relieve the operator of responsibility for compliance with any other federal, state or local laws and/or regulations.

NMOCD District 2 Contact Person: Chris Beadle, Office: (505) 748-1283 x107 / Cell: (505) 626-0831 / Fax: (505) 748-9720 / E-mail: Chris.Beadle@state.nm.us

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,


Artesia OCD District Office

cc: Greg Swindle, WBSEI (unsigned copy via e-mail)

January 27, 2006

NMOCD District 2 Office
Oil Conservation Division
Chris Beadle
1301 West Grand
Artesia, New Mexico 88210

RE: Range Operating New Mexico, Inc. Inspection, South Culebra Bluff (SCB) Unit No. 003

Chronology

On January 11, 2006 during a random inspection of Range Operating New Mexico, Inc. (Range) site South Culebra Bluff (SCB) Unit No 003 it was observed that the site had a spill of approximately two barrels. Greg Swindle of WBESI was being accompanied on the inspection by Chris Beadle of the NMOCD. Mr. Swindle contacted Rudy Garcia field foreman for Range –Loving office to discuss the situation. Mr. Garcia had asked a contract crew to clean out the cellar and assumed they would pump out the site. However, the crew cleaned the cellar with buckets and dumped the waste on the ground. The site was assessed for a formal work plan and specific site information obtained. WBESI uses the attached information and metrics sheet for summarizing the remediation requirements for this site.

The following is an initial "Remediation Work Plan" for this site:

South Culebra Bluff (SCB) Unit No.003

General site characteristics

Depth to Ground Water: 52'

Wellhead Protection Area: 1000 yards to closest well

Distance to Nearest Surface Water Body: 5,250'

Site ranking score 10

Soil remediation action levels

Highly Contaminated / Saturated Soils

Benzene 10 ppm, BTEX 50 ppm, TPH 1000 ppm

Soil remediation methods

Excavation and disposal (or alternative approved onsite remediation)

Planned analytical testing

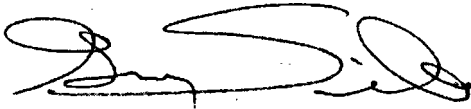
BTEX, TPH, Chlorides on soil

Work Plan

- Excavate until limits are obtained in a vertical and horizontal direction.
- Sample site for above parameters.

- Determine quantity of spoils removed from the excavated area.
- Determine most cost effective means of disposal or onsite bioremediation in accordance with NMOCD "Guidelines for Remediation of Leaks, Spills, and Releases".
- Contact NMOCD to set up sampling and post remediation inspection for February 9, 2006.
- Review analytical results.
- Backfill excavation if limits have been achieved or continue excavation.
- Sampling will be per NMOCD guidance including all walls and floor of the excavation.
- A final report will be issued on behalf of Range to the NMOCD documenting all final activities.
- A final letter of concurrence and closure will be issued by NMOCD if all guidelines have been achieved.

For further questions or comments please contact White Buffalo Environmental Services, Inc. at (325) 651-9054.



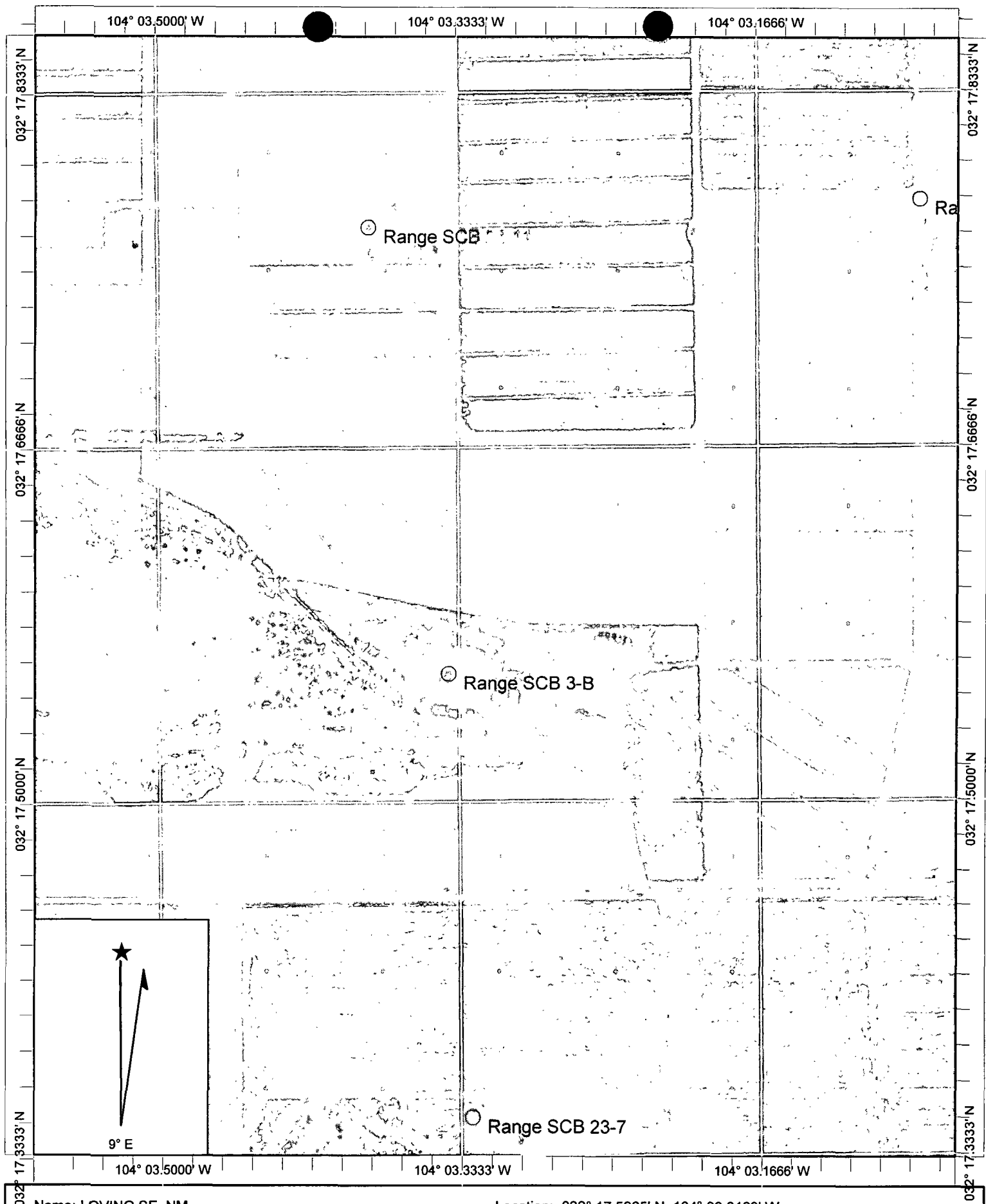
Greg Swindle,
President
WBESI

Enclosures:

Information and Metrics sheet
USGS Map
Aerial Photo
Site Photographs

RANGE OPERATING NEW MEXICO, INC
Information and Metrics

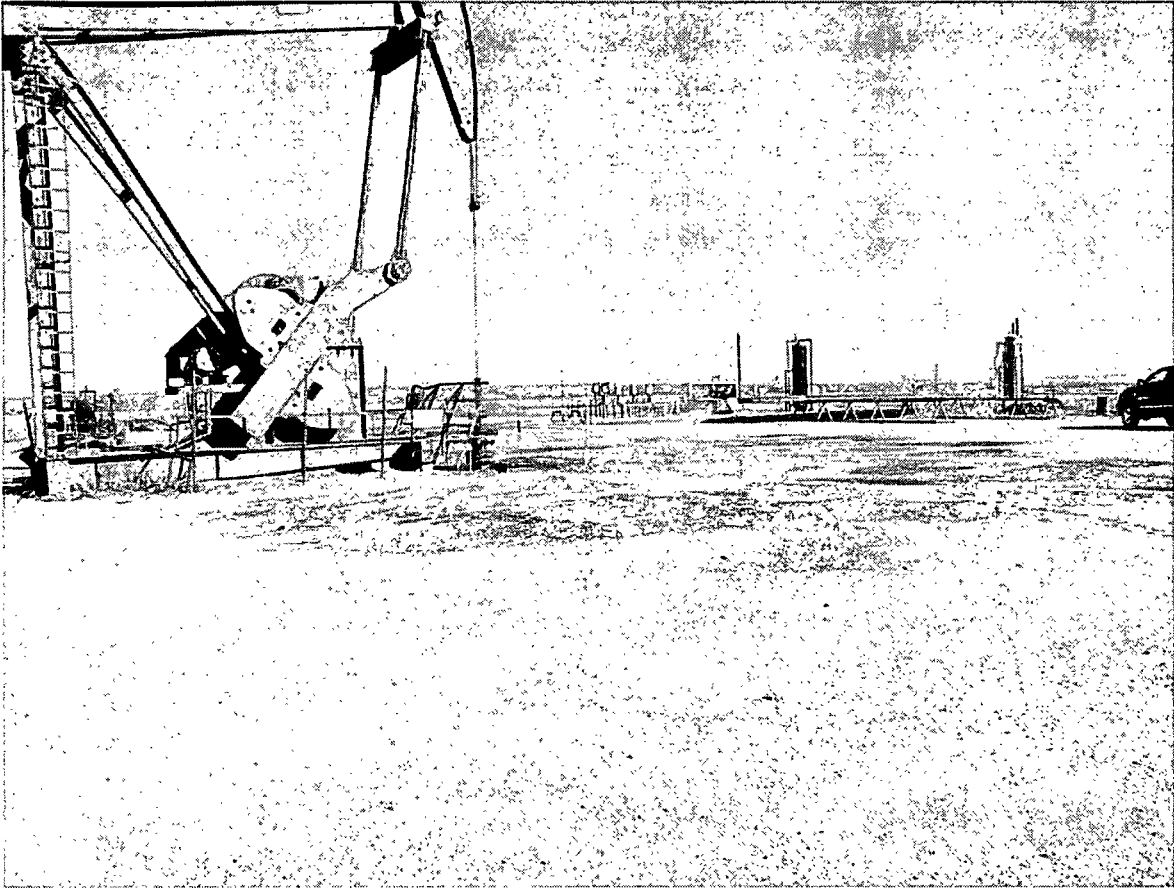
Incident Date: January 11, 2006		NMOCD Notified: January 11, 2006	
Site: South Culebra Bluff Unit No.003		Assigned Site Reference #: iCLB0601142847	
Company: Range Operating New Mexico, Inc.			
Street Address: 777 Main Street Suite 800			
Mailing Address: 777 Main Street Suite 800			
City, State, Zip: Ft. Worth, TX 76102			
Representative: George Teer			
Representative Telephone: (817) 870-2601			
Fluid volume released (bbls): 3		Recovered (bbls): 0	
<i>25 bbls: Notify NMOCD verbally within 24 hrs and submit form C-141 within 15 days. (Also applies to unauthorized releases >500 mcf Natural Gas) 5 – 25 bbls: Submit form C-141 within 15 days</i>			
Leak, Spill, or Pit (LSP) Name: SCB Unit No.3			
Source of contamination: Cleaning out cellar area and dumping waste on ground			
Land Owner, i.e., BLM, ST, Fee, Other: Johnny L. Reid			
LSP Dimensions: 60' X 50'			
LSP Area: All around wellhead			
Location of Reference Point (RP): NA			
Location distance and direction from RP: NA			
Latitude: N 32° 17.588'			
Longitude: W 104° 3.282'			
Elevation above mean sea level: 2999' per USGS Map			
Location- Unit or ¼ ¼: SE/4 NW/4 of Sec. 23		Unit Letter: M	
Location Section: 23			
Location- Township: 23S			
Location Range: 28E			
Surface water body within 1000' radius of site: No 3394' per USGS Map			
Domestic water wells within 1000' radius of site: No 1734' per map			
Agricultural water wells within 1000' radius of site: No 1734' per map			
Depth from land surface to ground water (DG): 60' estimated based upon relationship to Pecos River			
Depth of contamination (DC): 8'			
Depth to ground water (DG – DC = DtGW): 52'			
1. Ground water	2. Wellhead Protection Area	3. Distance to Surface Water Body	
If Depth to GW <50 feet: 20 points	If <1000' from water source, or <200' from private domestic water source: 20 points	<200 horizontal feet: 20 points	
If Depth to GW 50 to 99 feet: 10 points		200-100 horizontal feet: 10 points	
If Depth to GW >100 feet: 0 points	If >1000' from water source, or >200' from private domestic water source: 0 points	>1000 horizontal feet: 0 points	
Ground Water Score = 10	Wellhead Protection Area Score = 0	Surface Water Score = 0	
Site Rank (1+2+3) = 10			
Total Site Ranking Score and Acceptable Concentrations			
Parameter	>19	10-19	0-9
Benzene	10 ppm	10 ppm	10 ppm
BTEX	50 ppm	50 ppm	50 ppm
TPH	100 ppm	1,000 ppm	5,000 ppm



Name: LOVING SE, NM
Date: 1/27/2006
Scale: 1 inch equals 333 feet

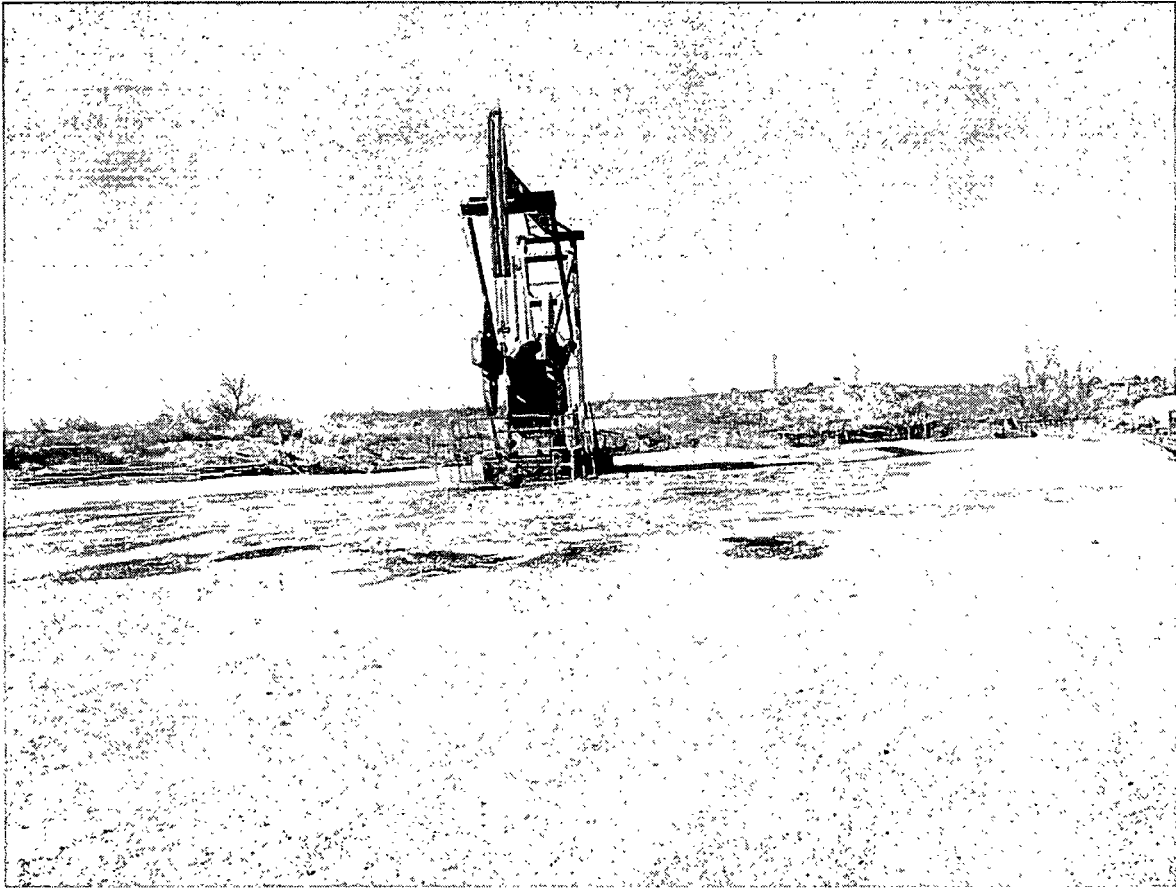
Location: 032° 17.5965' N 104° 03.3123' W

Photographs 1/11/06
SCB 23-3



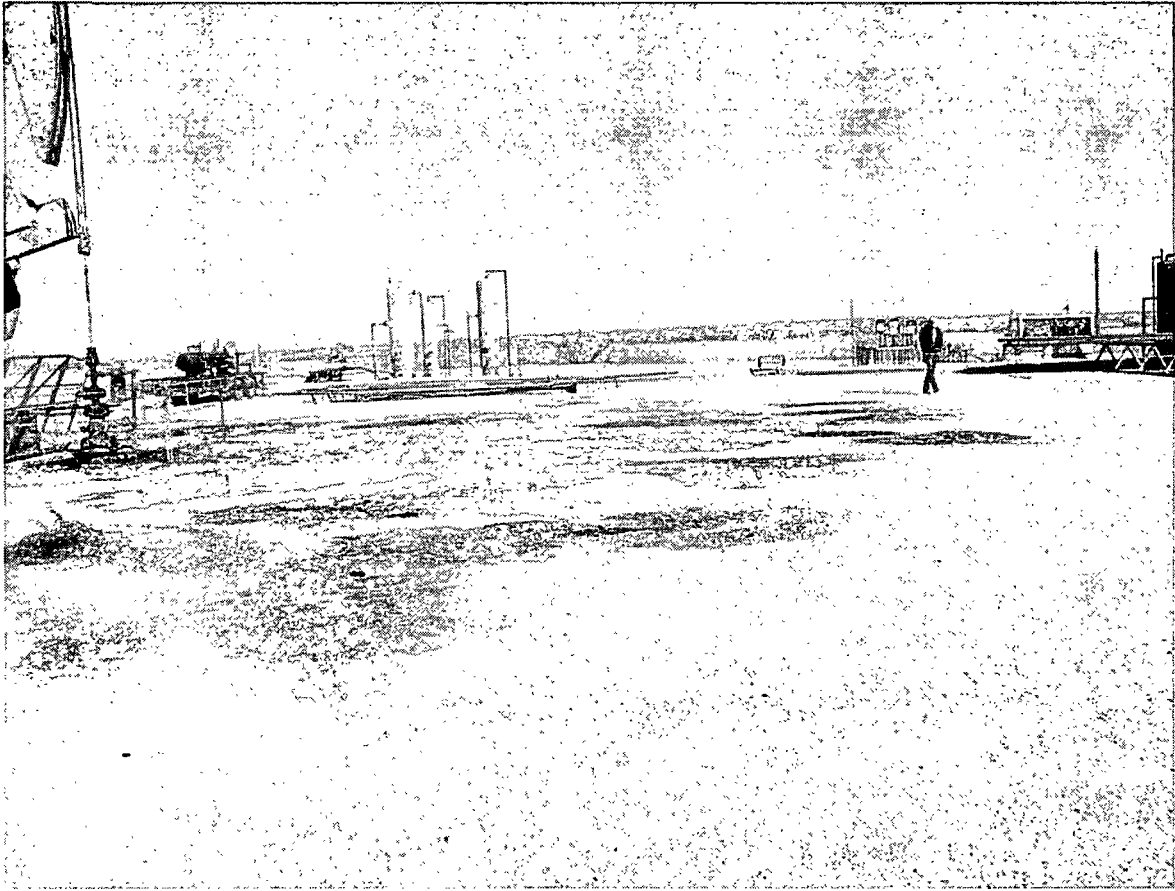
NW to SE view

Photographs 1/11/06
SCB 23-3



East to West view

Photographs 1/11/06
SCB 23-3



South to North view.