

Terracon

24 Smith Road, Suite 261
Midland, Texas 79705
(432) 684-9600 Fax (432) 684-9608

February 15, 2006

Key Energy Services, Inc
6 Desta Drive Suite 4400
Midland, Texas 79705
Attn: Mr. Jason Henry

Phone: (432) 571-7141
Fax: (432) 571-7173

Re: Work Plan for Site Excavation / Restoration
State "S" Brine Station
Section 15, T21S, R37E, Unit Letter E
Lea County, New Mexico
3 miles north of Eunice, NM off County Road 207
Terracon Project Number 94068105



Dear Mr. Henry

Terracon appreciates the opportunity to submit this workplan for the excavation, remediation, and site restoration at the above referenced site. This work plan includes the project information summary, preliminary site investigation review, and scope of services. The attachments include topographic and site maps, sampling data, contact information, NMOCD Form C-141, and photographs of the project site.

A. PROJECT INFORMATION SUMMARY

The State "S" Brine Station release site is located approximately 3 miles north of Eunice, New Mexico on Lea County Road 207. The leak occurred on January 26, 2006 and New Mexico Oil Conservation Division (NMOCD) Form C-141 was completed and filed with the Hobbs, New Mexico NMOCD office on January 26, 2006 by Key Energy personnel. The leak site is located on property owned by the Deck Estate.

An estimated 200 barrels of brine water spilled onto the station caliche pad and flowed north-easterly along a lease road and pasture land. Vacuum trucks were utilized to remove approximately 150 barrels of brine water from the road and pasture land. The cause of the spill was reported as equipment failure on the high water level indicator.

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RP# 364

B. PRELIMINARY SITE INVESTIGATION REVIEW

In an effort to minimize migration of brine impact to the environment, the decision was made to excavate all visually brine impacted areas in the flow path prior to the initial investigative soil sampling. RWI, Inc. of Hobbs, NM placed a One-Call for excavation and subsequent excavation of the brine impacted soil commenced on January 31, 2006. The visually impacted migration pathway of the spill (approximately two feet in width) through the pasture land was excavated to depths ranging from 18 to 24 inches below ground surface (bgs). Brine impacted soil along the lease road was excavated to depths ranging from six to 18 inches bgs. Approximately 400 cubic yards of brine impacted soil was excavated and transported to Sundance Disposal in Lea County NM.

The web site for the New Mexico Office of the State Engineer was utilized to research the average depth to groundwater in Lea County, T21S, R37E, Sections 9, 10, 11, 14, 15, 16, 21, 22, and 23. There is no recordable groundwater for section 15. The nearest recordable groundwater appears to be in excess of one mile away, to the west (Section 16) and south, (Sections 22 and 23) ranging from 53 to 70 feet bgs in depth. A visual search of the area showed no surface water or wells within a ½ mile radius of the site.

An email was sent to Mr. Paul Sheeley, NMOCD – Hobbs, NM on February 7, 2006 as notice of intent to collect initial investigation samples. There were 21 soil samples collected of the excavated areas with all samples being relinquished to Environmental Lab of Texas for analysis of chlorides using EPA Method 300.0. A site map showing sample locations is included in the attachments.

The laboratory results, from the initial investigative sampling, indicate a chloride content of the soil in the pasture land ranging from 19.7 mg/kg to 16,100 mg/kg. The laboratory results, from the initial investigative sampling, indicate a chloride content along the lease road ranging from 184 mg/kg to 3,090 mg/kg.

C. SCOPE OF SERVICES

Excavation

The initial excavation of impacted soil in the pasture land was to a depth of approximately 18 to 24 inches bgs. These areas are noted as sample points S-1 through S-7 on the site map. Further excavation of impacted soil will consist of removal of the top soil, down to the caliche layer, which appears to be approximately three to four feet bgs. Confirmation samples will be collected prior to backfill activities.

The initial excavation of impacted road base material was to a depth of approximately six to 18 inches bgs. These areas are noted as sample points RS-1 through RS-7 on the site map. Based on laboratory results, areas RS-5 and RS-6 will require further excavation of impacted material. These two areas will be excavated an additional 12 inches (approximate) from current ground level. Confirmation samples will be collected prior to rebuilding of the lease road.

The initial excavation of impacted caliche soil in excavation area #1 was to a depth of approximately 12 to 18 inches bgs. This area is noted as sample points BH-1-1 and BH-2-1 on the site map. Based on laboratory results, this area will require further excavation of impacted material. This area will be excavated to approximately 30 inches bgs. Confirmation samples will be collected prior to backfill activities.

The initial excavation of impacted soil in excavation area #3 was to a depth of approximately three feet bgs. This area is noted as sample points BH-1-3, NW-1-3, WW-1-3, and EW-1-3 on the site map. Based on laboratory results, the north wall (NW-1-3) and the west wall (WW-1-3) will require further excavation of impacted material. The north and west excavation walls will be expanded approximately twelve inches. Confirmation samples will be collected prior to backfill activities.

Remediation

The excavated soil will be transported to Sundance Disposal facility in Lea County, NM for disposition.

Site Restoration

Key will acquire backfill material pursuant to the Deck Estate requirements. The backfill material will be utilized for site restoration of the pasture land and to reconstruct the lease road. The site will be restored, as near possible, to the natural grade of the surrounding area and re-vegetated pursuant to land owner requirements.

Sampling Program

Terracon's soil sampling program will consist of the following:

- Confirmation soil samples of the impacted areas will be collected until the target cleanup level of <1,000 mg/kg chlorides have been achieved.
- Confirmation soil samples of the pasture land, representative of the excavated area, will be collected, not to exceed 1,000 square feet per sample location, prior to backfill.
- Confirmation soil samples from the lease road, representative of the excavated area, will be collected, not to exceed 100 linear feet per sample location, prior to backfill.

- The NMOCD office in Hobbs, NM will be contacted prior to sample collections in the event a representative would like to be on location.

The soil samples collected will be placed in laboratory prepared containers, labeled, and placed on ice in a cooler. The samples and completed chain-of-custody forms will be transported to Environmental Lab of Texas (ELOT), in Odessa, Texas. Samples will analyzed for chlorides, using United States Environmental Protection Agency (EPA) Method 300.0. Laboratory analysis will be performed under standard laboratory turnaround time of 7 to 10 working days.

Preparation of Final Report

Upon completion of site activities and receipt of the laboratory analytical results, a final report will be prepared that will include the following:

- Documentation of field activities;
- Site plan showing pertinent site features;
- Analytical laboratory results;
- Presentation of findings and conclusions.

Terracon is prepared to commence work on this project within 5 working days of authorization by Mr. Jason Henry with Key Energy Services, Inc. in the Midland, TX office. It is anticipated that the field activities will be completed in 10 to 15 days. The standard analytical turnaround time is 7 to 10 working days (expedited turnaround is available at an additional charge). Preliminary verbal results may be available within 24 hours of Terracon's receipt of laboratory analytical reports. The final written report will be available two weeks following Terracon's receipt of final laboratory analytical reporting. This written report will reflect final results, findings and recommendations, and, as such, will take precedence over any verbal reports that Terracon personnel may have provided. All field services will be performed under modified Level D safety personal protective equipment. The analysis, comments and recommendations presented in the written report will be based on the information collected as discussed in this workplan.

D. ASSUMPTIONS

This work plan was prepared based on the following assumptions:

- Key Energy Services, Inc. will provide to Terracon, prior to mobilization, legal right of entry to the site (and other areas if required) to conduct the scope of services.
- Key Energy Services, Inc. will notify Terracon, prior to mobilization, of any restrictions, special site access requirements, or known potentially hazardous conditions at the site (e.g.,

hazardous materials or processes, specialized protective equipment requirements, unsound structural conditions, etc.)

- The One-Call-Notification for Excavation and marking of above and below ground facilities is the responsibility of RWI, Inc. Hobbs, NM. Utilities on private land that are not located by public companies will be located by property owner/operator. It is the responsibility of RWI, Inc. to conduct safe excavation activities around all utilities and according to OSHA guidelines for excavation.
- It is the responsibility of RWI, Inc. to acquire all necessary permits, licenses and documents to haul material from the location site to the Sundance Disposal facility, as needed.
- Work can be performed during normal business hours (Monday through Friday, 7:00 am to 7:00 pm).
- Traffic control services are not required.
- The site is readily accessible by truck.

If any of these assumptions or conditions are not accurate or change during the project, the stated fee is subject to change. Please contact us immediately if you are aware of any inaccuracies in these assumptions and conditions, so we may revise the workplan or fee.

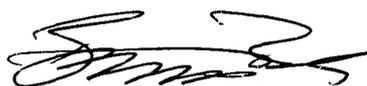
E. GENERAL COMMENTS

This workplan is valid for 60 days. If this workplan meets with your approval, please sign notification to proceed in accordance with the Master Services Agreement between Key Energy Services, Inc. and Terracon and return a copy via fax at (432) 684-9608 or mail to our Midland Office at 24 Smith Road Suite 261, Midland, Texas 79705.

If you should have any questions or comments regarding this workplan, please contact either of the undersigned.

Sincerely,

Terracon



Barrett Bole, P.G.
Sr. Project Manager
Midland Office



Clayton McDonald
Manager of Environmental Services
Midland Office

Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM
Terracon Project #94068105
February 15, 2006

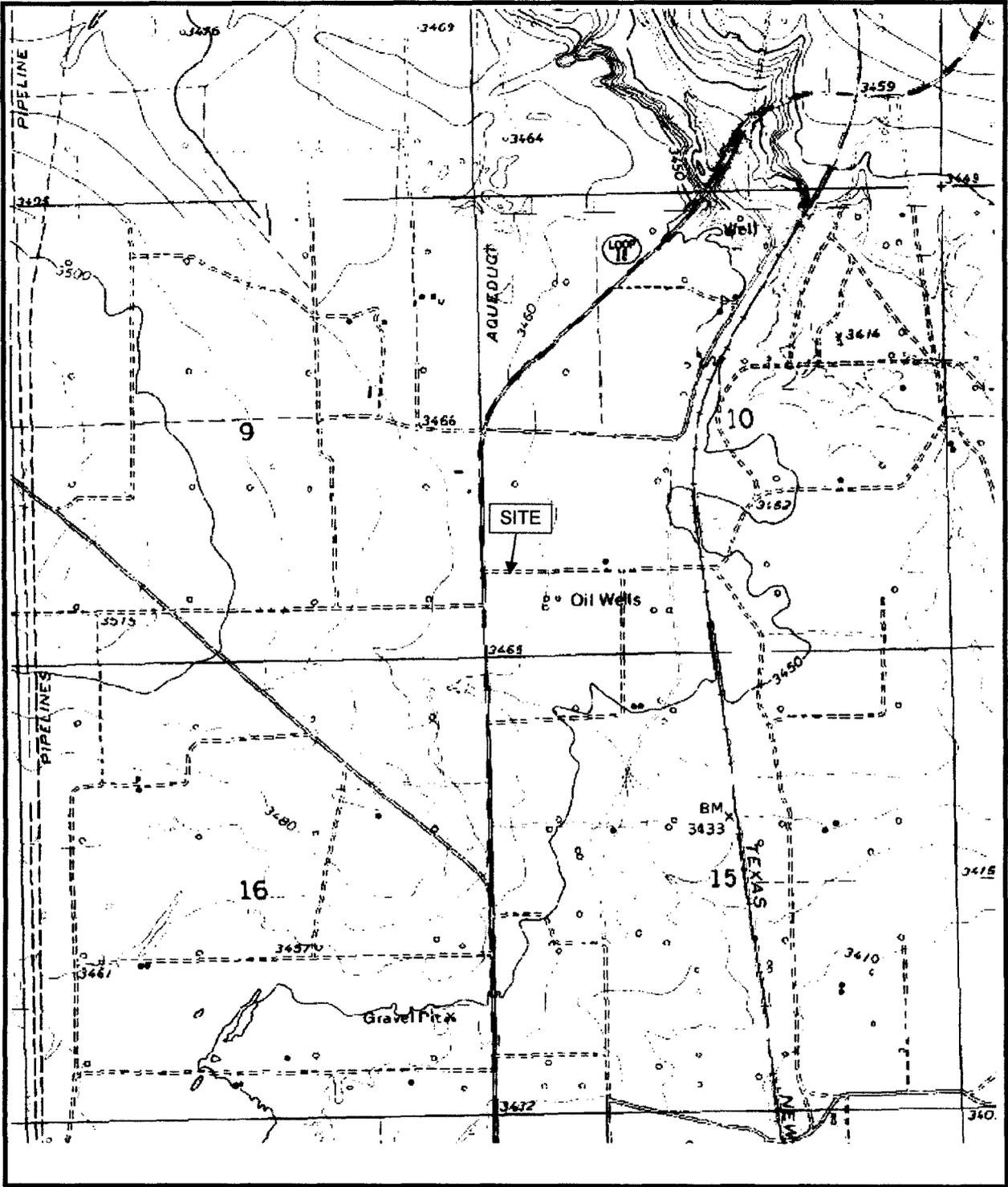


CONTACT LIST

Copy 1: Paul Sheeley
New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division, District 1
1625 French Drive
Hobbs, NM 88240

Copy 2: Dan Gibson
Key Energy Services, Inc.
6 Desta Drive, Suite 440
Midland, Texas 79705
dgibson@keyenergy.com

Copy 3: Clay McDonald
Terracon
24 Smith Road
Suite 261
Midland, TX 79705
camcdonald@terracon.com

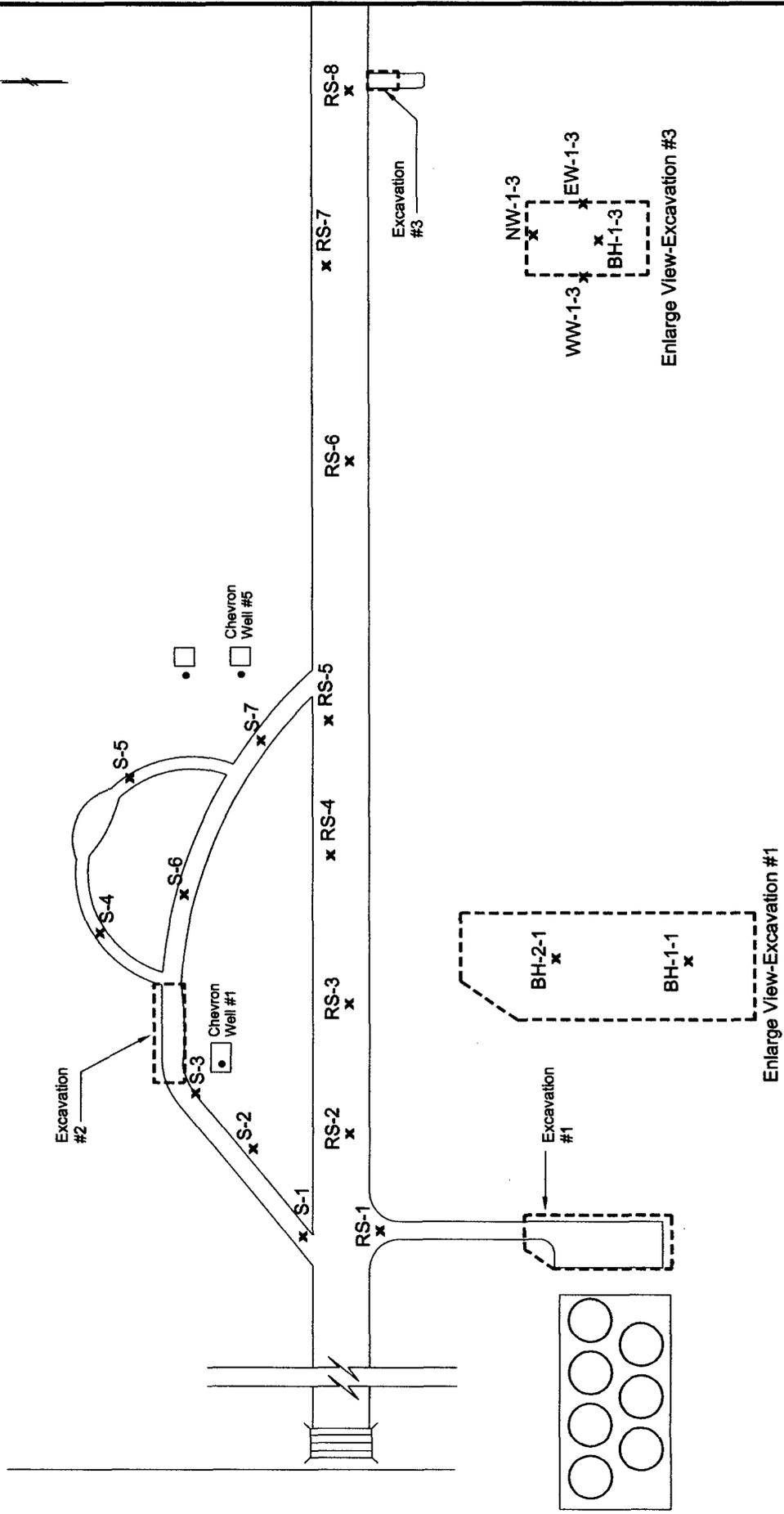


USGS TOPOGRAPHIC QUADRANGLE MAP		Terracon	Key Energy Services, Inc State "S" Brine Station Lea County, New Mexico Approximately 3 miles North of Eunice NM
Eunice, NM			
Dated 1977			
SCALE: 1" = 2000'			FIGURE 1: TOPOGRAPHIC MAP
PROJECT NO. 94068105			

DATE: 02/10/06 FILENAME: O:\HBC\MIDLAND\94068105.dwg



Enlarge View-Excavation #2



THIS DRAWING SHOULD NOT BE USED SEPARATELY FROM ORIGINAL REPORT.



KEY ENERGY SERVICES, INC.
STATE "S" BRINE STATION
EUNICE, LEA COUNTY, NEW MEXICO

Terracon Project No.: 94068105

FIGURE 1: SITE PLAN

Table 1

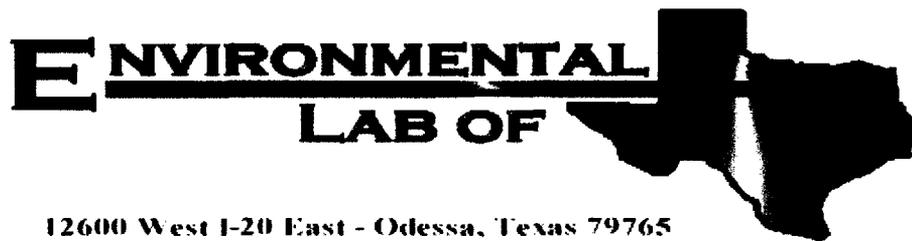
CONCENTRATIONS OF CHLORIDE IN SOIL

Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, New Mexico
Terracon Project Number 94068105

All concentrations are in mg/kg

SAMPLE DATE	SAMPLE LOCATION	EPA 300.0
02/08/06	RS-1	1,030.00
	RS-2	184.00
	RS-3	420.00
	RS-4	547.00
	RS-5	3,090.00
	RS-6	1,510.00
	RS-7	443.00
	RS-8	23.40
	S-1	9,850.00
	S-2	6,960.00
	S-3	5,000.00
	S-4	11,800.00
	S-5	19.70
	BH-1-1	3,370.00
	BH-2-1	1,100.00
	S-6	11,600.00
	S-7	16,100.00
	NW-1-3	6,240.00
	WW-1-3	5,600.00
	EW-1-3	44.10
	BH-1-3	736.00

CONCENTRATIONS IN BOLD ARE ABOVE THE TARGET CLEANUP
LEVEL OF <1,000 mg/kg.



12600 West I-20 East - Odessa, Texas 79765

Analytical Report

Prepared for:

Clay McDonald

Terracon Consulting, Inc.

24 Smith Road, Ste. 261

Midland, TX 79705

Project: Key Energy State S Brine Station

Project Number: 94068105

Location: None Given

Lab Order Number: 6B09001

Report Date: 02/10/06

Terracon Consulting, Inc.
24 Smith Road, Ste. 261
Midland TX, 79705

Project: Key Energy State S Brine Station
Project Number: 94068105
Project Manager: Clay McDonald

Fax: (432) 684-9608
Reported:
02/10/06 10:12

ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
RS-1	6B09001-01	Soil	02/08/06 09:45	02/09/06 08:00
RS-2	6B09001-02	Soil	02/08/06 10:45	02/09/06 08:00
RS-3	6B09001-03	Soil	02/08/06 10:50	02/09/06 08:00
RS-4	6B09001-04	Soil	02/08/06 10:55	02/09/06 08:00
RS-5	6B09001-05	Soil	02/08/06 11:00	02/09/06 08:00
RS-6	6B09001-06	Soil	02/08/06 11:05	02/09/06 08:00
RS-7	6B09001-07	Soil	02/08/06 11:10	02/09/06 08:00
RS-8	6B09001-08	Soil	02/08/06 11:15	02/09/06 08:00
S-1	6B09001-09	Soil	02/08/06 09:25	02/09/06 08:00
S-2	6B09001-10	Soil	02/08/06 09:30	02/09/06 08:00
S-3	6B09001-11	Soil	02/08/06 09:36	02/09/06 08:00
S-4	6B09001-12	Soil	02/08/06 09:38	02/09/06 08:00
S-5	6B09001-13	Soil	02/08/06 09:40	02/09/06 08:00
BH-1-1	6B09001-14	Soil	02/08/06 10:00	02/09/06 08:00
BH-2-1	6B09001-15	Soil	02/08/06 10:05	02/09/06 08:00
S-6	6B09001-16	Soil	02/08/06 12:45	02/09/06 08:00
S-7	6B09001-17	Soil	02/08/06 12:50	02/09/06 08:00
NW-1-3	6B09001-18	Soil	02/08/06 13:45	02/09/06 08:00
WW-1-3	6B09001-19	Soil	02/08/06 13:50	02/09/06 08:00
EW-1-3	6B09001-20	Soil	02/08/06 13:55	02/09/06 08:00
BH-1-3	6B09001-21	Soil	02/08/06 14:00	02/09/06 08:00

Terracon Consulting, Inc.
24 Smith Road, Ste. 261
Midland TX, 79705

Project: Key Energy State S Brine Station
Project Number: 94068105
Project Manager: Clay McDonald

Fax: (432) 684-9608

Reported:
02/10/06 10:12

General Chemistry Parameters by EPA / Standard Methods
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
RS-1 (6B09001-01) Soil									
Chloride	1030	5.00	mg/kg	10	EB61003	02/10/06	02/10/06	EPA 300.0	
RS-2 (6B09001-02) Soil									
Chloride	184	10.0	mg/kg	20	EB61003	02/10/06	02/10/06	EPA 300.0	
RS-3 (6B09001-03) Soil									
Chloride	420	10.0	mg/kg	20	EB61003	02/10/06	02/10/06	EPA 300.0	
RS-4 (6B09001-04) Soil									
Chloride	547	10.0	mg/kg	20	EB61003	02/10/06	02/10/06	EPA 300.0	
RS-5 (6B09001-05) Soil									
Chloride	3090	50.0	mg/kg	100	EB61003	02/10/06	02/10/06	EPA 300.0	
RS-6 (6B09001-06) Soil									
Chloride	1510	25.0	mg/kg	50	EB61003	02/10/06	02/10/06	EPA 300.0	
RS-7 (6B09001-07) Soil									
Chloride	443	10.0	mg/kg	20	EB61003	02/10/06	02/10/06	EPA 300.0	
RS-8 (6B09001-08) Soil									
Chloride	23.4	5.00	mg/kg	10	EB61003	02/10/06	02/10/06	EPA 300.0	
S-1 (6B09001-09) Soil									
Chloride	9850	200	mg/kg	400	EB61003	02/10/06	02/10/06	EPA 300.0	
S-2 (6B09001-10) Soil									
Chloride	6960	100	mg/kg	200	EB61003	02/10/06	02/10/06	EPA 300.0	
S-3 (6B09001-11) Soil									
Chloride	5000	100	mg/kg	200	EB61003	02/10/06	02/10/06	EPA 300.0	

Environmental Lab of Texas

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Page 2 of 5

Terracon Consulting, Inc.
24 Smith Road, Ste. 261
Midland TX, 79705

Project: Key Energy State S Brine Station
Project Number: 94068105
Project Manager: Clay McDonald

Fax: (432) 684-9608

Reported:
02/10/06 10:12

General Chemistry Parameters by EPA / Standard Methods
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
S-4 (6B09001-12) Soil									
Chloride	11800	200	mg/kg	400	EB61003	02/10/06	02/10/06	EPA 300.0	
S-5 (6B09001-13) Soil									
Chloride	19.7	5.00	mg/kg	10	EB61003	02/10/06	02/10/06	EPA 300.0	
BH-1-1 (6B09001-14) Soil									
Chloride	3370	100	mg/kg	200	EB61003	02/10/06	02/10/06	EPA 300.0	
BH-2-1 (6B09001-15) Soil									
Chloride	1100	20.0	mg/kg	40	EB61003	02/10/06	02/10/06	EPA 300.0	
S-6 (6B09001-16) Soil									
Chloride	11600	500	mg/kg	1000	EB61003	02/10/06	02/10/06	EPA 300.0	
S-7 (6B09001-17) Soil									
Chloride	16100	200	mg/kg	400	EB61003	02/10/06	02/10/06	EPA 300.0	
NW-1-3 (6B09001-18) Soil									
Chloride	6240	100	mg/kg	200	EB61003	02/10/06	02/10/06	EPA 300.0	
WW-1-3 (6B09001-19) Soil									
Chloride	5600	100	mg/kg	200	EB61003	02/10/06	02/10/06	EPA 300.0	
EW-1-3 (6B09001-20) Soil									
Chloride	44.1	5.00	mg/kg	10	EB61003	02/10/06	02/10/06	EPA 300.0	
BH-1-3 (6B09001-21) Soil									
Chloride	736	20.0	mg/kg	40	EB61008	02/10/06	02/10/06	EPA 300.0	

Environmental Lab of Texas

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 24 Smith Road, Ste. 261
 Midland TX, 79705

Project: Key Energy State S Brine Station
 Project Number: 94068105
 Project Manager: Clay McDonald

Fax: (432) 684-9608

Reported:
 02/10/06 10:12

General Chemistry Parameters by EPA / Standard Methods - Quality Control
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EB61003 - Water Extraction										
Blank (EB61003-BLK1) Prepared & Analyzed: 02/10/06										
Chloride	ND	0.500	mg/kg							
LCS (EB61003-BS1) Prepared & Analyzed: 02/10/06										
Chloride	9.20		mg/L	10.0		92.0	80-120			
Calibration Check (EB61003-CCV1) Prepared & Analyzed: 02/10/06										
Chloride	9.58		mg/L	10.0		95.8	80-120			
Duplicate (EB61003-DUP1) Source: 6B09001-11 Prepared & Analyzed: 02/10/06										
Chloride	5290	100	mg/kg		5000			5.64	20	
Batch EB61008 - Water Extraction										
Blank (EB61008-BLK1) Prepared & Analyzed: 02/10/06										
Chloride	ND	0.500	mg/kg							
LCS (EB61008-BS1) Prepared & Analyzed: 02/10/06										
Chloride	9.22		mg/L	10.0		92.2	80-120			
Calibration Check (EB61008-CCV1) Prepared & Analyzed: 02/10/06										
Chloride	9.16		mg/L	10.0		91.6	80-120			
Duplicate (EB61008-DUP1) Source: 6B09001-21 Prepared & Analyzed: 02/10/06										
Chloride	759	20.0	mg/kg		736			3.08	20	

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Project Number: 94068105
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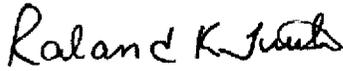
Fax: (432) 684-9608

Reported:
02/10/06 10:12

Notes and Definitions

DET Analyte DETECTED
ND Analyte NOT DETECTED at or above the reporting limit
NR Not Reported
dry Sample results reported on a dry weight basis
RPD Relative Percent Difference
LCS Laboratory Control Spike
MS Matrix Spike
Dup Duplicate

Report Approved By:



Date:

2/10/2006

Raland K. Tuttle, Lab Manager
Celey D. Keene, Lab Director, Org. Tech Director
Peggy Allen, QA Officer

Jeanne Mc Murrey, Inorg. Tech Director
LaTasha Cornish, Chemist
Sandra Sanchez, Lab Tech.

This material is intended only for the use of the individual (s) or entity to whom it is addressed, and may contain information that is privileged and confidential.

If you have received this material in error, please notify us immediately at 432-563-1800.

Environmental Lab of Texas

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Office Location Midland TX

Laboratory: ELDT
 Address: _____
 Contact: _____
 Phone: _____

Project Manager Clay McDonald
 PO/ISO # Key Energy Services Inc.
 Sampler's Signature B. Weik

Project No. 94068105
 Project Name Key Energy State "S" Brine Station
 No/Type of Containers 21/4oz. Jars

Matrix	Date	Time	Identifying Marks of Sample(s)				VOA	AG	250 ml	P/O	No/Type of Containers
			C	G	T	P					
S	2-8-06	09:45	X				RS-1				1
		10:45					RS-2				
		10:50					RS-3				
		10:55					RS-4				
		11:00					RS-5				
		11:05					RS-6				
		11:10					RS-7				
		11:15					RS-8				
		09:25					S-1				
		09:30					S-2				

Turn around time Normal 25% Rush 50% Rush 100% Rush

Relinquished by (Signature)	Date	Time	Received by (Signature)	Date	Time
<u>B. Weik</u>	<u>2-8-06</u>	<u>09:00</u>	<u>Clay McDonald</u>	<u>2-9-06</u>	<u>08:00</u>
Relinquished by (Signature)	Date	Time	Received by (Signature)	Date	Time
Relinquished by (Signature)	Date	Time	Received by (Signature)	Date	Time
Relinquished by (Signature)	Date	Time	Received by (Signature)	Date	Time

Lab use only
 Due Date: _____
 Temp. of coolers when received: 0.5°
 1 2 3 4 5
 Page 1 of 3

ANALYSIS REQUESTED	Lab Sample ID (Lab Use Only)
Chlorides	10807001-01
	-02
	-03
	-04
	-05
	-06
	-07
	-08
	-09
	70

NOTES:

Matrix: WW - Wastewater W - Water S - Soil SD - Solid L - Liquid A - Air Bag C - Charcoal tube
 Container: VOA - 40 ml vial AG - Amber / Or Glass 1 Liter 250 ml - Glass wide mouth P/O - Plastic or other O - Oil

Houston Office: 11555 City Road, Suite 100 Houston, Texas 77043 (713) 690-8989 Fax (713) 690-8787
 Dallas Office: 8901 Campioner Freeway, Suite 100 Dallas, Texas 75247 (214) 630-1010 Fax (214) 630-7070
 Fort Worth Office: 2601 Gravel Drive Fort Worth, Texas 76118 (817) 368-8600 Fax (817) 368-8602
 Austin Office: 5307 Industrial Oaks Blvd. # 160 Austin, Texas 78735 (512) 442-1122 Fax (512) 442-1118
 Midland Office: 24 Smith Rd., # 261 Midland, Texas 79705 (432) 684-9600 Fax (432) 684-9608



Office Location Midland TX

Project Manager Clay McDonald

Sampler's Name Brandon Wilson

Proj. No. 94068105

Project Name Key Energy State "S" Brine Station

Identifying Marks of Sample(s) 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21

Matrix S Date 2-8-06 Time 14:00

Turn around time Normal 25% Rush 50% Rush 100% Rush

Relinquished by (Signature) B. Wick Date 2-9-06 Time 0800

Relinquished by (Signature) _____ Date _____ Time _____

Laboratory: GLOT

Address: _____

Contact: _____

Phone: _____

PO/SO #: Key Energy Services Inc.

Sampler's Signature B. Wick

No. Type of Containers 21 / 4oz. Jars

VOA _____

AVG 250 P/O _____

1 L. ml _____

Lab Sample ID (Lab Use Only) 10879001-21

ANALYSIS REQUESTED Chlorides

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

X

NOTES:

Date: _____ Time: _____

Lab use only
Due Date: _____

Temp. of coolers when received (C): 0.5

1 2 3 4 5

Page 3 of 3

Houston Office: 11555 Clay Road, Suite 100 Houston, Texas 77043 (713) 690-8989 Fax (713) 690-8787

Dallas Office: 8901 Carpenter Freeway, Suite 100 Dallas, Texas 75247 (214) 630-1010 Fax (214) 630-7070

Fort Worth Office: 2601 Cravel Drive Fort Worth, Texas 76118 (817) 268-8600 Fax (817) 268-8602

Austin Office: 5307 Industrial Oaks Blvd. # 160 Austin, Texas 78735 (512) 442-1122 Fax (512) 442-1121

Midland Office: 24 Smith Rd., # 261 Midland, Texas 79705 (432) 684-9600 Fax (432) 684-9608

Environmental Lab of Texas
Variance / Corrective Action Report – Sample Log-In

Client: Terracon

Date/Time: 2/9/06 8:00

Order #: 6B09001

Initials: ck

Sample Receipt Checklist

	Yes	No	
Temperature of container/cooler?			0.5 C
Shipping container/cooler in good condition?	<input checked="" type="checkbox"/>	No	
Custody Seals intact on shipping container/cooler?	Yes	No	Not present
Custody Seals intact on sample bottles?	<input checked="" type="checkbox"/>	No	Not present
Chain of custody present?	<input checked="" type="checkbox"/>	No	
Sample Instructions complete on Chain of Custody?	<input checked="" type="checkbox"/>	No	
Chain of Custody signed when relinquished and received?	<input checked="" type="checkbox"/>	No	
Chain of custody agrees with sample label(s)	<input checked="" type="checkbox"/>	No	
Container labels legible and intact?	<input checked="" type="checkbox"/>	No	
Sample Matrix and properties same as on chain of custody?	<input checked="" type="checkbox"/>	No	
Samples in proper container/bottle?	<input checked="" type="checkbox"/>	No	
Samples properly preserved?	<input checked="" type="checkbox"/>	No	
Sample bottles intact?	<input checked="" type="checkbox"/>	No	
Preservations documented on Chain of Custody?	<input checked="" type="checkbox"/>	No	
Containers documented on Chain of Custody?	<input checked="" type="checkbox"/>	No	
Sufficient sample amount for indicated test?	<input checked="" type="checkbox"/>	No	
All samples received within sufficient hold time?	<input checked="" type="checkbox"/>	No	
VOC samples have zero headspace?	<input checked="" type="checkbox"/>	No	Not Applicable

Other observations:

Variance Documentation:

Contact Person: - _____ Date/Time: _____ Contacted by: _____
 Regarding: _____

Corrective Action Taken:

**New Mexico Office of the State Engineer
POD Reports and Downloads**

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic
 Domestic All

POD / Surface Data Report Avg Depth to Water Report Water Column Report

AVERAGE DEPTH OF WATER REPORT 02/08/2006

(Depth Water in

Feet)

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max
CP	21S	37E	16				1	70	70
CP	21S	37E	22				1	53	53
CP	21S	37E	23				1	65	65
CP	21S	37E	23		924000	6600000	1	65	65

Record Count: 4

Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM

Excavation activities of spill area on location along flow path



Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM

Excavation activities of spill area on location along flow path



Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM

Excavation activities of spill area on location along flow path



↑
W

Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM

Excavation activities of spill area in pasture land along flow path



Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM

Excavation activities of spill area in pasture land along flow path



↑ E

Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM

Excavation activities at east end of spill area on roadway



↑
W

**Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM**

Excavation activities at east end of spill area on roadway



↑
W

**Key Energy Services, Inc.
State "S" Brine Station
Eunice, Lea County, NM
Excavation activities at east end of spill area**



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised March 17, 1999

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR Initial Report Final Report

Name of Company KEY ENERGY SERVICE		Contact SAM BLEVINS	
Address 2105 AVE O		Telephone No. 505-394-2581	
Facility Name KEY ENERGY		Facility Type TRUCKING	
Surface Owner DECK ESTATE	Mineral Owner STATE OF NEW MEXICO	Lease No. #1	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
E	15	215	37E					LEA

NATURE OF RELEASE

Type of Release BRINE SPILL	Volume of Release APPROX 200 BBL	Volume Recovered 150 BBL
Source of Release TANK OVERFLOW	Date and Hour of Occurrence 1-26-06 7:00am	Date and Hour of Discovery 1-26-06 7:00am
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? OCD - KEY ENERGY - DECK ESTATE	
By Whom? SAM BLEVINS - EDDY FABELA	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

VALVE WAS SHUT TO TANK LEVEL + ALARM SYSTEM, WHILE EMPLOYEE WAS WORKING ON TANK CONNECTION, EMPLOYEE FAILED TO RE-OPEN VALVE, TANK HAD NO HIGH LEVEL ALARM DUE TO VALVE

Describe Area Affected and Cleanup Action Taken.*

DICK UP FLUID WITH VACUUM TRUCK CLOSED. RWI WILL CLEAN UP AFFECTED AREA + REPLACE WITH NEW 900' X 5' DOWN ROAD + PAD. CALICHE.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOC marked as "Final Report" 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, NMOC acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: Sam Blevins	OIL CONSERVATION DIVISION	
Printed Name: SAM BLEVINS	Approved by: ENVIROENER	District Supervisor: Johnson
Title: YARD MANAGER	Approval Date: 6.5.07	Expiration Date: 8.5.07
Date: 1-26-06 Phone: 394-2581	Conditions of Approval: *	Attached <input type="checkbox"/> ↑

* Attach Additional Sheets If Necessary

RP#366

***FINAL REPORT REQUIRED BY NEED DOCUMENTATION SHOWING WHAT CONTAMINATION WAS REMOVED + ANY THAT IS INSITU. NEED VERIFICATION OF OCD PERSON THAT APPROVED WORK PLAN.**