

March 29, 2010

Mr. Mike Bratcher
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1301 W. Grand Avenue
Artesia, New Mexico 88210

**Re: Remediation Workplan,
Marks and Garner Production LTD Co., Levers #3Y
Unit Letter N (SE/4, SW/4), Section 33, Township 16 South, Range 29 East,
Eddy County, New Mexico
(Latitude: N 32.87188°, Longitude: W 104.08195°)
2RP #305**

Dear Mr. Bratcher:

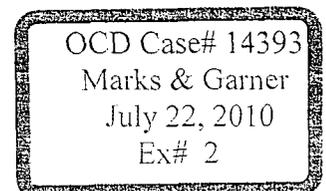
Marks and Garner Production LTD Co. (M&G), has retained Ocotillo Environmental, LLC (Ocotillo) to remediate impacts to soil from a leak at the Levers #3Y wellhead. The well is located in the southeast quarter (SE/4) of the southwest quarter (SW/4), Section 33, Township 16 South, Range 29 East, Eddy County, New Mexico (Site). The date and volume of the release are unknown. A C-141 was submitted to the New Mexico Oil Conservation Division (NMOCD) on April 24, 2009. Appendix A provides a copy of the C141. Figure 1 shows the site location.

Based on published literature (1961), well records of the New Mexico State Engineer, and well records of the United States Geological Survey, groundwater occurs at approximately 65 feet bgs in the well located nearest the Site. No domestic water wells are located within 1,000 feet of the site. The NMOCD has established recommended remediation action levels (RRALs) for benzene, total BTEX and TPH resulting from spills of natural gas liquids ("Guidelines for Remediation of Leaks, Spills and Releases, August 13, 1993"). Remediation levels for benzene, total BTEX and TPH were calculated using the following NMOCD criteria:

Criteria	Result	Ranking Score
Depth-to-Groundwater	50 - 99 Feet	10
Wellhead Protection Area	No	0
Distance to Surface Water Body	>1000 Horizontal Feet	0
Total:		10

The following RRALs have been assigned based on NMOCD criteria:

Benzene 10 mg/kg
Total BTEX 50 mg/kg
TPH 1,000 mg/kg



Initial Investigation

On September 10, 2009, a letter was prepared for the NMOCD by R.T. Hicks Consultants, Ltd. (Hicks), that reported results of soil samples collected at the site in order to provide horizontal delineation of the spill. Hicks also provided documentation that groundwater in the area is confined, thereby making the depth to groundwater "not relevant". Appendix B provides a copy of the "Hicks" diagram (Plate 2B) showing sample point locations and chloride concentrations, as well as a copy of the "Hicks" table of Field and Laboratory Data – Soil Samples.

Current Investigation

On March 2, 2010, Ocotillo installed two (2) soil borings (BH-1 and BH-2) at the site, using an air rotary drilling rig, in order to further assess the horizontal and vertical limits of the spill. Soil samples from the exploratory borings were collected in five foot intervals from the ground surface to a depth of approximately 46 feet below ground surface (bgs). The soil borings were plugged with bentonite. Figure 2 shows the locations of the soil borings. Appendix C provides copies of the Well Record and Logs provided to the Office of the State Engineer.

The soil samples from borings BH-1 and BH-2 were placed in clean glass sample jars, labeled, chilled in an ice chest, and delivered under chain-of-custody control to Cardinal Laboratories in Hobbs, New Mexico. All soil samples collected from borings BH-1 and BH-2 were analyzed for chlorides by EPA method 4500 Cl⁻B. The upper three (3) samples from soil boring BH-1 (0-1', 5-6' and 10-11' bgs) were also analyzed for TPH by EPA Method SW-846 8015. Table 1 presents a summary of the laboratory analysis of soil samples. Laboratory analysis and chain of custody documentation are included in Appendix D.

Referring to Table 1, with the exception of the sample from 0-1' bgs (160 mg/kg), chloride concentrations in samples from boring BH-1 were above the NMOCD standard of 250 mg/kg until a depth of 45-46' bgs (144 mg/kg). The soil samples collected from background boring BH-2 all reported chloride concentrations below 250 mg/kg. Samples collected from boring BH-1 reported TPH concentrations below 1,000 mg/kg at a depth of 5-6' bgs (33.2 mg/kg) and 10-11' bgs (11.1 mg/kg).

Proposed Remediation

Marks and Garner proposes to conduct excavation of the chloride impacted soil in the vicinity of soil boring BH-1 to a depth of approximately five (5) feet bgs. Horizontal delineation will be determined by laboratory analysis of samples collected during excavation. All excavated soil with a chloride concentration greater than 5,000 mg/kg will be hauled to an NMOCD approved disposal facility. Excavated soil with a chloride concentration less than 5,000 mg/kg will be blended on-site with organic material, in order to reduce the chloride concentrations to less than 1,000 mg/kg. A 20 mil plastic liner will be installed at the five foot depth, and the excavated areas will be backfilled with either clean soil or blended soil with a chloride concentration less than 1,000 mg/kg. Excess blended soil (with a chloride concentration less than 1,000 mg/kg) will be used to construct firewalls around the Marks and Garner tank batteries and / or other ancillary equipment.

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If you have any questions or need additional information, please call Mr. Quinton Welborn at (575) 631-0949, or myself at (575) 441-7244. We may also be reached by email at qwelborn@valornet.com or Cindy.Crain@gmail.com.

Sincerely,
Ocotillo Environmental, LLC

Cindy K. Crain, P.G.
Environmental Manager

cc: Quinton Welborn, Marks & Garner

FIGURES

TABLE

APPENDIX A

INITIAL C141 DOCUMENTATION

APPENDIX B

R.T. HICKS INITIAL INVESTIGATION

PLATE 2B

And

TABLE OF FIELD AND LABORATORY DATA

APPENDIX C

WELL RECORD AND LOGS

APPENDIX D

ANALYTICAL DATA AND CHAIN OF CUSTODY
DOCUMENTATION