

NM1 - 45

**APPROVED
BACKGROUND
SAMPLING
PLAN**

July 9, 2014

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 9, 2014

Danny Watson
Jay Dan Landfarm LLC
P.O. Box 632
Lovington, New Mexico 88260

**RE: Background Sampling Plan Review
Jay Dan Landfarm, LLC
Permit NM1-045
Location: Unit E of Section 32, Township 15 South, Range 35 East, NMPM
Lea County, New Mexico**

Dear Mr. Watson:

The Oil Conservation Division (OCD) has completed the review of Jay Dan Landfarm LLC's (Jay Dan) background sampling plan, dated July 2, 2014 and received by OCD on July 8, 2014, to re-establish a new facility background and PQLs in order to compare to the vadose zone monitoring results to determine if a release had occurred and if follow-up actions are required to be completed. The initial April 13, 2006 background sample results identified the presence of Diesel Range Organic (DRO) at a concentration of 186 mg/Kg. Historical sampling data demonstrates and supports that DRO is not naturally occurring in the vadose zone, 2-3 feet below the ground surface. This was discovered by OCD when the background results were submitted in the May 2014 Monitoring Report for comparison to the vadose zone results.

Based on the information provided in the request, the background sampling plan is hereby approved with the following understandings and conditions:

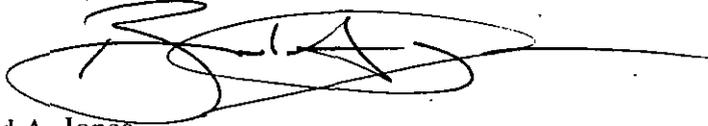
1. Jay Dan shall comply with all applicable requirements of the Oil and Gas Act (Chapter 70, Article 2 NMSA 1978), and all conditions specified in this approval and shall complete the project in accordance with the July 2, 2014 background sampling plan; and
2. Jay Dan shall obtain written approval from OCD prior to implementing any changes to the July 2, 2014 background sampling plan

Please be advised that approval of this request does not relieve Jay Dan of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve Jay

Jay Dan Landfarm
Permit NM1-045
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Dan of its responsibility to comply with any other applicable governmental authority's rules and regulations. If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad A. Jones', with a long horizontal line extending to the right.

Brad A. Jones
Environmental Engineer

BAJ/baj

cc: OCD District I Office, Hobbs
Eddie Seay, Eddie Seay Consulting, Hobbs, NM 88242

RECEIVED OCD

July 2, 2014

2014 JUL -8 P 2: 59

NMOCD Environmental
ATTN: Brad Jones
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: JayDan Landfarm
(NM-0045)
"Background Plan"

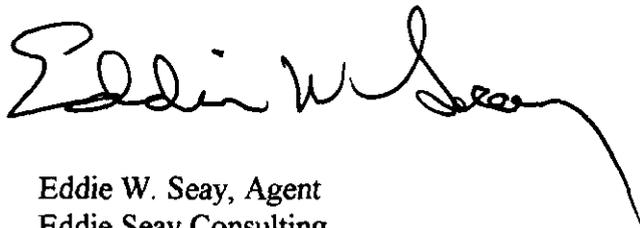
Mr. Jones:

Find attached a plan to re-establish a new "background" as you requested. If this meets your approval, please let me know.

When approved, JayDan will move forward immediately with the sampling.

I appreciate your continued cooperation and look forward to hearing from you.

Thanks,



Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
575-392-2236
seay04@leaco.net

cc: JayDan Landfarm (Danny Watson)

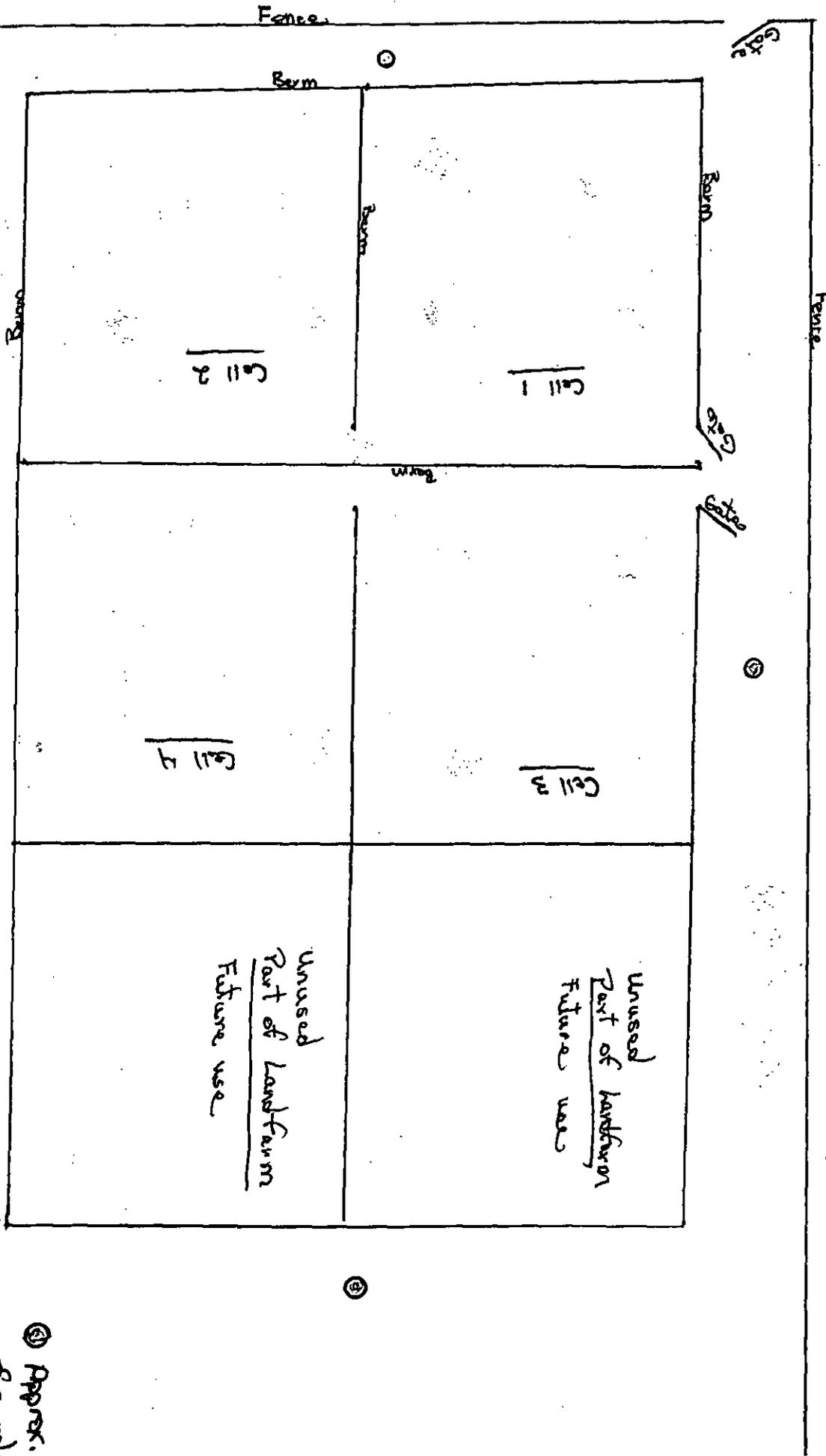
PLAN OF ACTION

NEW BACKGROUND TO COMPARE WITH PQL

1. JayDan plans to establish a new “Background” analytical to compare to our Vadose sampling. The Vadose sample will be compared to the new background or the PQL from the laboratory, whichever is greater, to determine if a release has occurred. If it is determined a release of BTEX, TPH or Chloride has occurred, move forward and comply with 19.15.36.15. E5 NMAC. First notify the OCD of the potential release, then collect and analyze a minimum of four randomly selected independent samples and test for TPH, BTEX, Chloride and the constituents listed in subsection A and B of 20.6.2.3103 NMAC. Submit the results of the sampling to the OCD within 45 days of receiving the lab. With these results we will set forth a plan for action, to either remediate and/or prevent future contamination.
2. The background sampling will be a composite of four separate locations North, South, East and West of the landfarm area to make one composite sample. The sample holes will be from area unimpacted from any previous operations, sampling at a depth of two feet.
3. The sample will consist of analyzing for BTEX, TPH (418.1), Chloride and all other constituents listed in subsection A & B of 20.6.2.3103 NMAC.
4. Document sample locations with photos and GPS.
5. Once the analytical is received from lab, copies will be given to JayDan for review, and only after JayDan and myself have reviewed and JayDan decides it is reportable and representative of background, copies will be submitted to OCD.
6. Once OCD has reviewed and accepts the new data, JayDan will use this information, "Background" and the PQL provided by the laboratory for future Vadose zone comparisons.

Jay Dan
(01-0045)

N
W ↙



③ Approx. location
of sample sites
for "Backyard"