



## Blue Ridge Resources

A Limited Liability Company

*John Medina*  
3001 N. Big Spring St.  
Ste. 206

Midland, TX. 79705

P: 432-683-8030

F: 432-683-8006

blueridgeresources.com

June 1, 2006

Mr. Larry Johnson  
New Mexico Oil Conservation Division  
1625 N. French Dr.  
Hobbs, NM 88240

RE: Remediation Workplan  
Inspection No. iLWJ0614626811  
Mexico F Lease  
Section 2 15S 37E  
Denton Field  
Lea County, New Mexico

Mr. Johnson:

Please find attached a Form C-141 regarding the accidental release of oil and water on the Mexico F lease. The spill occurred the day before your inspection. We apologize for not giving immediate verbal notification, but we were under the impression from field reports the leak was much smaller. We immediately contained the leak, vacuumed up the entire area, and repaired the faulty valve. We also changed our policy to close ALL valves when circulating off tank bottoms.

Because of our fast response and immediate containment of the leak, there was very little downward movement of the hydrocarbons. We have dug in the lowest places and see contamination only 8 inches deep in the worst case. Given the limited vertical extent of this spill, we request your approval of the following Workplan regarding the remediation of the area around the Mexico F tank battery:

1. Identify and delineate the extent of the spill both horizontally and vertically.
2. Dig up hydrocarbon-impacted dirt lying in the truck turnaround and bring same adjacent to the tanks.
3. Replace soil in the truck turnaround with fresh topsoil and/or caliche.
4. Build a firewall around the tanks.

*Facility - FPAC0619555044*  
*Incident - FPAC06195551160*  
*Application - FPAC0619556146*  
*RP # 953*

**BLUE RIDGE RESOURCES, LLC**

Page 2 of 2

06/03/06

5. Mix organic material such as cow manure, hay, or cotton seed hulls and blend thoroughly with the hydrocarbon-impacted soil. This would include soil from the truck turnaround and soil near the tanks.
6. Wet the mixture with fresh water and nitrogen fertilizer.
7. Allow bacteria to naturally remediate the soil.
8. Turn soil with a disk plow, tiller, or backhoe. Fertilize and water occasionally as needed until the total hydrocarbon levels fall below 5 percent.

Upon your approval of this plan, we will begin operations immediately. If you have any questions, please don't hesitate to call me at 432-683-8030.

Sincerely,

  
Mark Burkett

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 October 10, 2003  
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	<i>Blue Ridge Resources LLC</i>	Contact	<i>Mark Burkett</i>
Address	<i>Box 51407, Mesquite, TX 79702</i>	Telephone No.	<i>432 683 8030</i>
Facility Name	<i>Mexico E. Drilling</i>	Facility Type	<i>Storage</i>
Surface Owner	<i>State of New Mexico</i>	Mineral Owner	<i>State of New Mexico</i>
		Lease No.	<i>5-2244</i>

#### LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
<i>G</i>	<i>2</i>	<i>15S</i>	<i>37E</i>	<i>1300'</i>	<i>North</i>	<i>2500</i>	<i>West</i>	<i>Lea</i>

Latitude *32.05065* Longitude *103.17149*

#### NATURE OF RELEASE

Type of Release	<i>Oil and Water</i>	Volume of Release	<i>62 bbl</i>	Volume Recovered	<i>41 bbl</i>
Source of Release	<i>Storage Tank</i>	Date and Hour of Occurrence	<i>5/24/06</i>	Date and Hour of Discovery	<i>5/24/06</i>
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <i>5/24/06</i>			
By Whom?		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.\*

*Corrosion of Valve - Replaced Valve*

Describe Area Affected and Cleanup Action Taken.\*

*Area adjacent to tank ~~extending~~ extending eastward in low spots in truck turnaround area. All liquid recovered up immediately. Remediation work plan will be submitted for approval.*

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: <i>Mark Burkett</i>	<b>OIL CONSERVATION DIVISION</b>		
Printed Name: <i>Mark Burkett</i>	Approved by District Supervisor:		
Title: <i>Engineer</i>	Approval Date:	Expiration Date:	
E-mail Address: <i>mark@blue-ridge-resources.com</i>	Conditions of Approval:		Attached <input type="checkbox"/>
Date: <i>6/1/06</i>	Phone: <i>432 683 8030</i>		

\* Attach Additional Sheets if Necessary