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New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
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Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Marks and Garner Production LTD Co.
PO Box 1089
Hobbs, NM 88241
ATTN: Quinton Wellborn

August 19, 2009

*Mailed 8/21/2009
RN*

Dear Mr. Wellborn,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a remediation work plan proposal (plan) for the sites operated by your company as listed below:

Levers Federal 007	30-015-25091	J-33-16s-29e	OCD Reference: 2RP-304
Levers 003Y	30-015-02787	N-33-16s-29e	OCD Reference: 2RP-305
Red 12 Federal 001	30-015-25058	O-33-16s-29e	OCD Reference: 2RP-306
Cave State 004	30-015-24742	F-04-17s-29e	OCD Reference: 2RP-307
Red 12 State 002	30-015-24966	H-04-17s-29e	OCD Reference: 2RP-308
Red 12 State 003	30-015-24989	J-05-17s-29e	OCD Reference: 2RP-309
Red 12 State 004	30-015-24991	O-05-17s-29e	OCD Reference: 2RP-310

The plan was formulated and submitted by your agent, R.T. Hicks Consultants, LTD. The plan was received by OCD via email August 12, 2009 and a hard copy received via USPS on August 17, 2009.

The overall scope of the proposed remediation for these sites is not approved. More specific reasons for denial of this plan are as follows:

OCD's criteria for remediation and/or removal of contamination due to the release of oil and gas related produced fluids, are based on current OCD Rules and Guidelines. The Guidelines are from the 1993 OCD publication, Guidelines for Remediation of Leaks, Spills and Releases. This document sets the criteria for determining a site ranking. The Recommended Remediation Action Levels (RRAL) for hydrocarbon based contaminants is specific dependent upon the site ranking. The RRAL may be modified by OCD in some instances based on site specific conditions. However, the site ranking, as described in the publication, is to be provided in any remediation proposal. It has not been provided in this plan.

The plan for some of the sites states that even though contaminant levels exceed the OCD Guidelines, they do not exceed the 2006 NMED Guideline levels. NMED Guidelines typically would have no relevance in determining the methods of remediation and/or RRAL for contaminants for cleanup of these sites.

In most instances, the sites have not been fully delineated for contaminants. For example, the analytical data provided for the Levers No. 3 well shows TPH levels from the surface samples to be 48,990 mg/kg. The next data provided was from a sample obtained at 6' bgs. The TPH levels



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in this sample are 8,911 mg/kg. No other data was provided. Under OCD Guidelines, the maximum TPH level allowed at a site (with a site ranking of 0 points) is 5,000 mg/kg. The data provided not only does not show how deep the contaminants have migrated, it does not even show where the contaminants reach the RRAL. Also, no testing was performed for chloride contaminants.

In general, the plan proposes to only excavate a minimal amount of contaminated soils, blend this material with clean soils and use for building berms at tank battery's. Any extra material would be stockpiled for future use. This is not an acceptable method of remediation.

The plan also includes proposed methods to be used when the sites are abandoned. Since the abandonment of these sites may be decades away, this portion of the proposal has no relevance in what will be required for the remediation of contamination that currently exists at these sites.

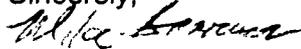
In most of the site remediation proposals, no analysis has been done for chloride contamination. Testing for this constituent is required in performing site delineation.

In my letter dated May 14, 2009, I requested that a corrective action work plan proposal be submitted to the OCD District 2 Office. The work plans were to be formulated based on vertical and horizontal delineation of contaminants, site ranking, and OCD Rules and Guidelines.

Please send a revised work plan that more adequately meets these criteria not later than September 10, 2009.

If you have any questions or concerns please contact me.

Sincerely,



Mike Bratcher

NMOCD District 2

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PS Form 3800, August 2006 See Reverse for Instructions