

1R - 294

REPORTS

DATE:

2003 - 1997

Rocky Top Ranch

Clay & Jeri Osborn
P.O. Box 1285
Jal, NM 88252-1285

Phone 505.395.2510
Fax 505.395.2676
E-Mail [cj osborn@valornet.com](mailto:cjosborn@valornet.com)

Mr. Chris Williams
New Mexico Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240

December 28, 2003

Re: Maralo Jalmat Yates Well #10

Dear Mr. Williams,

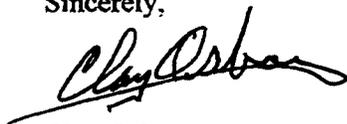
While mapping leaks at our ranch we have discovered that the Maralo Jalmat Yates Unit, Well # 10 was drilled off Unit, and on the Smith and Marrs, Inc., Elydia C. Winters Lease. This well should be in Section 12, Township 25S, Range 36E, Lea County NM not in Section 7, Township 25S, Range 37E. This is a very serious matter that needs investigated immediately.

I am enclosing maps and pictures of an injection line leak to aid in your investigation into this matter. This well seems to have been drilled in the South Langlie Jal Unit, and unless there is a chance this is a directionally drilled well, then there are no correct royalty schedules, drilling permits, or injection permits.

As I have previously stated this is a very serious matter and has far reaching implications for oil revenues from offset producers and our interest as fee owners. I request that this be given high priority in your Division as conservers of the State of New Mexico's interest.

This letter is being written with hope that your response will be forthcoming and prompt.

Sincerely,



Clay Osborn

cc Lori Wrottenbery, Director, NMOCD, Santa Fe Office
Bill Olson, NMOCD, Santa Fe Office

Copy

Clay & Jeri Osborn
11 Rocky Top Lane
P.O. Box 1285
Jal, NM 88252
Phone 505.395.2510
Fax 505.395.2676
E-Mail cjosborn@valornet.com

Rocky Top Ranch

Fax

To: Mr. Bill Olson **From:** Clay Osborn

Fax: 505.476.3462 **Pages:** 3

Phone: 505.476.3440 **Date:** 12/28/2003

Re: South Langlie Jal Unit Abatement Plan **CC:**

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

• **Comments:**

Rec'd 12.27.03

SMITH & MARRS INC.
BOX 863
KERMIT, TEXAS 79745

December 23, 2003

Mr. & Mrs. Clay Osborn
Box 1285
JAL, N.M. 88252

Dear Mr. & Mrs. Osborn

As you are aware BURRO LAKE LLC purchased from CHAPARRAL ENERGY, L.L.C. the South Langlie Jal Unit in Lea County, New Mexico in November, 2002. SMITH & MARRS INC. as the operator has entered into an agreement with the NMOCD and Chaparral to conduct the Stage 1 Abatement Plan that was agreed to by Chaparral & Bristol in 1999.

We request you provide us with written permission to enter the land covered by the Stage 1 Abatement plan in order to drill the abatement wells (10 wells +/-).

If I do not receive a response by January 9, 2004, I assume you are denying us permission to drill the abatement wells.

Thank you, for you consideration on this matter and I look forward to hearing from you in the near future.

Sincerely,

Rickey Smith



cc: Chad Smith
GREAK & SMITH PC

Rocky Top Ranch

Clay & Jeri Osborn
P.O. Box 1285
Jal, NM 88252

Phone 505.395.2510
Fax 505.395.2676
E-Mail cjosborn@valomet.com

December 27, 2003

Smith & Marrs, Inc.
P.O. Box 863
Kermit, Texas 79745

Dear Mr. Smith,

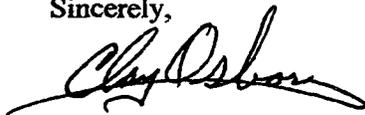
We are in receipt of your letter dated December 23, 2003. As per your intro to our awareness of Burro Lake, LLC, you are much mistaken. We were not aware of BURRO LAKE, LLC and have never heard of them; maybe you could forward their address and a person's name to contact so that we can forward this response to them as well. You have also alluded to an agreement between NMOCD and Chaparral Energy, Inc in 1999. We also are not aware that Bristol Resources Corp. and Chaparral Energy, Inc. had agreed to an Abatement Plan for the South Langlie Jal Unit back in 1999.

We are aware that Smith & Marrs, Inc. is the operator of the South Langlie Jal Unit and of the agreement you have with the NMOCD and Chaparral Energy, LLC to conduct the Stage 1 Abatement Plan and the letter dated April 25, 2002 from Roger C. Anderson, Environmental Bureau Chief of the NMOCD, to Robert C. Lang IV of Chaparral Energy stating the OCD'S Stage 1 Abatement Plan and their conditions for the South Langlie Jal Unit.

We would be happy to meet with you on discussion of the drilling of water monitor wells, soil boreholes and all other aspects of the investigation on our property and any other issues we need to discuss in order to proceed. Please notify us at least 48 hours in advance when you would like to arrange this meeting so that I can plan my schedule accordingly.

We look forward to meeting you and discussing this matter.

Sincerely,



Clay Osborn

- cc: Chris Williams, NMOCD Hobbs District Office
- Bill Olson, MNOCD Santa Fe Office
- Rodger C. Anderson, Environmental Bureau Chief, NMOCD Santa Fe Office
- Lori Wrotenbery, Director NMOCD, Santa Fe Office
- David K Brooks, Assistant General Counsel, NMOCD Santa Fe Office

Copy



USPS CERTIFIED MAIL
7001 1140 0002 4295 0011
RETURN RECEIPT

September 25, 2002

Mr. Paul Sheeley
Environmental Engineer
New Mexico Energy, Minerals and
Natural Resources Department
1625 French Drive
Hobbs, New Mexico 88240

RE: USPS Certified Mail #7099 0002 3948 4110 Dated September 16, 2002
NOTICE OF VIOLATION No OCD Spill Report Submitted for August 29, 2002
UL A-Sec 13-T25S-R36E-Jalmat Battery
Unlined earthen containment breached. No corrective action.

Dear Mr. Sheeley:

In regard to the alleged major spill referenced above, please be advised that the spill was discovered by Maralo LLC field personnel on August 27, 2002 and deemed a loss of less than 25 barrels; therefore, not a major produced/fresh water spill. A vacuum truck was called that date to empty the overflow tank. There was no fluid on the surface to pick up. There is no doubt our error was in not submitting the minor release information in a timely written manner. Enclosed please find the final Form C-141 as required.

We are unable to understand the Hobbs OCD consternation in its efforts to contact Maralo, LLC by telephone prior to the above September 16th notice. Please furnish this office with the telephone number used to make 10 attempts to contact.

Maralo, LLC has operated in the Hobbs District area for over 20 years, submitting a vast amount of filings. Our address and telephone number has never changed. A recorded message with contact personnel information is available at our telephone number (915-684-7441) 24 hours a day, 7 days a week, with an operator always available during weekdays from 8AM-5PM CST/CDT. This is the first instance in which a Maralo, LLC representative could not be reached.

Page 2

The unwitting assertion in the September 16th letter "of repeated major spills and failure to comply with OCD Rules and Regulations in the past" was addressed by Mr. Rick G. Strange of Cotton, Bledsoe, Tighe & Dawson in a letter dated April 2, 2001 to Mr. William C. Olson Environmental Bureau, Santa Fe, New Mexico, which documented the recent operational history of Maralo, LLC in the Jal Mat area and the landowner's refusal to allow economic remediation by applicable standards.

Maralo, LLC will comply with OCD Rules and Regulations as required, directed and permitted.

Sincerely,

Phillip W. Smith

Phillip W. Smith
Operations Manager

PWS/dl

Encl. (1) Form C-141

Cc: Lori Wrotenbery – Director, NMOCD
Roger Anderson – Environmental Bureau Chief
Chris Williams – District I Supervisor
✓ Bill Olson – Hydrologist
Larry Johnson – Environmental Engr.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
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 MARALO, LLC		Contact PHILLIP SMITH, OPERATIONS MANAGER
Address P. O. BOX 832, MIDLAND, TX 79702		Telephone No. (915) 684-7441
Facility Name JALMAT YATES UNIT		Facility Type INJECTION STATION
Surface Owner CLAY OSBORN	Mineral Owner -	Lease No. -

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	1050	NORTH	1100	EAST	LEA

NATURE OF RELEASE

Type of Release P/W, F/W	Volume of Release 20 BW	Volume Recovered 0
Source of Release 210 BBL TANK OVERFLOWED	Date and Hour of Occurrence 27 AUG 2002, 8AM MDT	Date and Hour of Discovery 27 AUG 2002, 11AM MDT
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? -	
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.* CAUSE: RUBBER ORIFICE DIAPHRAM RUPTURED ON HEAD SWITCH AND FAILED TO SHUTDOWN WATER TRANSFER PUMP, CATCH TANK OVERFLOWED. REMEDIAL ACTION: ESTABLISH AUTO-NOTIFICATION ON 750 BBL WATER TANK FILL.		
Describe Area Affected and Cleanup Action Taken.* AREA AFFECTED: WATER RAN OUTSIDE DIKE AREA UNDER REPAIR AND SPREAD ON FLAT GROUND APPROX. 150' X 50'. CLEANUP ACTION TAKEN: CONTAMINATED DIRT USED TO REBUILD AND ENLARGE THE FIREWALL.		
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD 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, NMOCD 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>Dorothea Logan</i>	OIL CONSERVATION DIVISION	
Printed Name: DOROTHEA LOGAN	Approved by District Supervisor:	
Title: REGULATORY ANALYST	Approval Date:	Expiration Date:
Date: 09/23/02 Phone: (915) 684-7441	Conditions of Approval:	Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary

COTTON, BLEDSOE, TIGHE & DAWSON

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

500 W. ILLINOIS

SUITE 300

MIDLAND, TEXAS 79701-4337

P.O. BOX 2776 ZIP 79702-2776

TELEPHONE (915) 684-5782

FAX (915) 682-3672

WEB www.cbtd.com

1415 LOUISIANA

SUITE 2100

HOUSTON, TEXAS 77002-7351

TELEPHONE (713) 759-9281

FAX (713) 759-0458

RICK G. STRANGE

BOARD CERTIFIED CIVIL TRIAL LAW
BOARD CERTIFIED OIL, GAS & MINERAL LAW

Writer's Direct #: (915) 685-8574

Writer's Direct Fax #: (915) 684-3168

Email: rstrange@cbtd.com

April 2, 2001

RECEIVED

APR 03 2001

ENVIRONMENTAL BUREAU
OIL CONSERVATION DIVISION

William C. Olson, Hydrologist
Environmental Bureau
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Olson:

We have been retained by Maralo, LLC and asked to respond to your letter dated February 6, 2001. We are submitting this correspondence now to meet your deadline. From a review of the correspondence, however, it appears that the best way to resolve this issue is if the parties were to meet at the site to review the actions taken to date, and to discuss possible alternatives. If this is agreeable to you, please contact us with possible dates. We will coordinate with Mr. Osborn to find a time convenient for all.

In your February 6th letter you indicate that because Maralo has been unable to implement a soil blending remediation action plan, that we must now submit an alternate remediation plan. Of course, the reason we have been unable so far to implement a plan is the landowner's refusal to allow us to proceed with a previously approved remediation plan. What your letter leaves unsaid, but what is obvious from the correspondence and other communications to date is that the New Mexico Energy, Minerals and Natural Resources Department has apparently adopted an unwritten policy that any remediation plan must now meet with the approval of the landowner regardless of any prior action by the OCD, or any applicable standard, and regardless of how unreasonable the landowner may be. This is unacceptable.

As you are well aware, Maralo submitted a C-141 dated October 5, 2000 to your office along with a remediation plan from R.E. Environmental Services that involved cleaning the affected area using evacuation and blending until the soil reached a target level of 5,000 ppm. This is a perfectly reasonable approach, one followed by many others in the industry, and importantly, one Donna Williams, with your office, approved. On October 9, 2000 we attempted to implement the approved

April 2, 2001

Page 2

plan, but were stopped by the landowner. Maralo contacted Ms. Williams who promised to help with Mr. Osborn on October 10th. We also asked RE Environmental to resume their activities. Despite her promise, Ms. Williams failed to contact Mr. Osborn – who once again stopped our efforts.

The plan submitted by Maralo meets all applicable standards. But for the landowner's insistence that we undertake activities that are far beyond any required standard, and are clearly uneconomical (Mr. Osborn is, for example, insisting that we pay him \$450 per acre per month until native vegetation is restored), our remediation work would now be complete.

We are willing to meet with you and Mr. Osborn at the site to discuss this issue further. We are not, however, willing to submit to an alternative remediation plan now, especially since the new standard is apparently whatever is necessary to satisfy the landowner. We remain ready and willing to implement the plan forwarded to your office on October 5th and approved by Ms. Williams.

With regard to the April 17, 2000 spill we must disagree with your statement that the information provided is insufficient to demonstrate that contaminants have not and will not migrate vertically and cause ground water contamination. Please keep in mind that the Jal Mat Yates Battery site has two firewalls. One surrounds the entire battery site, and a second the tanks themselves. The April 17th spill involved 60 barrels of water and 1 barrel of oil that escaped from a hole in the header. This spill was completely contained within the outer firewall. It did not escape the site, nor did it cross the firewall surrounding the tanks.

We took soil samples from the area where the leak occurred and the spill was contained. Because the spill did not penetrate the firewall surrounding the tanks we did not take a sample from inside that firewall. Any sample taken today from inside the firewall surrounding the tanks would have no relevance to the April 17th incident.

Soil tested at the release site six months after the spill showed the 250 ppm chloride standard for domestic water supply was located at 13.5 feet. Records from the State Engineers Office indicates the presence of two wells in the immediate area. One has a water level of 350' and the second a water level of 390'. There is, thus, no danger of ground water contamination from this spill.

In your letter you refer to "ground water data from a spill investigation west of the Jal Mat Yates Unit Battery" but you do not provide the actual data. Without the data it is impossible for us to comment, and certainly you cannot expect us to put much faith or confidence in undisclosed data. In as much as official State Records and soil testing of the affected area indicate no danger of groundwater contamination by this spill we are unwilling to agree to undertake further investigation at this time. We would be willing to review the undisclosed data and to discuss this issue further at the site.

Finally in your February 6th letter you asked for test data for the Maralo Water Supply Well #2. Attached please find a report we received from Cardinal Laboratories dated February 19, 2001. We tested not only the well you requested (the Number Two Well) but also the other freshwater

April 2, 2001

Page 3

wells in that area that we utilize in our operations. The attached report includes an analysis of oil-related constituents. The lab followed EPA methods as is indicated in their report.

We hope you will take advantage of our offer to meet at the site and look forward to working with you.

Very truly yours,

COTTON, BLEDSOE, TIGHE & DAWSON

By:

A handwritten signature in black ink, appearing to read "Rick G. Strange", is written over a circular stamp or seal.

Rick G. Strange

RGS/sm
Enclosures



ARDINAL LABORATORIES

PHONE (915) 873-7001 • 2111 BEECHWOOD • ABILENE, TX 79803
PHONE (505) 383-2328 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MARALO, LLC
ATTN: PHILLIP SMITH
P.O. BOX 832
MIDLAND, TX 79703
FAX TO: (915) 884-8836

Receiving Date: 02/13/01
Reporting Date: 02/19/01
Project Number: NOT GIVEN
Project Name: JALMAT YATES FRESH H2O TEST
Project Location: JAL, NM
Lab Number: H5806-1
Sample ID: WELL #1

Analysis Date: 02/16/01
Sampling Date: 02/13/01
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: BC

POLYNUCLEAR AROMATIC HYDROCARBON - 8270 (mg/L)

	Sample Result H5806-1	Method Blank	True Value		
			QC	% Recov.	QC
1 Naphthalene	<0.002	<0.002	0.041	82	0.050
2 Acenaphthylene	<0.002	<0.002	0.042	84	0.050
3 Acenaphthene	<0.002	<0.002	0.048	92	0.050
4 Fluorene	<0.002	<0.002	0.053	106	0.050
5 Phenanthrene	<0.002	<0.002	0.044	88	0.050
6 Anthracene	<0.002	<0.002	0.047	94	0.050
7 Fluoranthene	<0.002	<0.002	0.040	80	0.050
8 Pyrene	<0.002	<0.002	0.054	108	0.050
9 Benzo(a)anthracene	<0.002	<0.002	0.043	86	0.050
10 Chrysene	<0.002	<0.002	0.040	80	0.050
11 Benzo(b)fluoranthene	<0.002	<0.002	0.038	76	0.050
12 Benzo(k)fluoranthene	<0.002	<0.002	0.046	90	0.050
13 Benzo(a)pyrene	<0.002	<0.002	0.042	84	0.050
14 Indeno(1,2,3-cd)pyrene	<0.002	<0.002	0.044	88	0.050
15 Dibenzo(a,h)anthracene	<0.002	<0.002	0.042	84	0.050
16 Benzo(g,h,i)perylene	<0.002	<0.002	0.045	90	0.050

% Recovery	
17 Nitrobenzene-d5	95
18 2-Fluorobiphenyl	78
19 Terphenyl-d14	100

METHODS: EPA SW-846 8270

Phillip Smith
Chemist

2/19/01
Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or agents arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



ARDINAL LABORATORIES

PHONE (915) 672-7001 • 2111 BEECHWOOD • ABILENE, TX 79605

PHONE (505) 383-2328 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MARALO, LLC
ATTN: PHILLIP SMITH
P.O. BOX 832
MIDLAND, TX 79703
FAX TO: (915) 684-9836

Receiving Date: 02/13/01
Reporting Date: 02/19/01
Project Number: NOT GIVEN
Project Name: JALMAT YATES FRESH H2O TEST
Project Location: JAL, NM
Lab Number: H5606-2
Sample ID: WELL #2

Analysis Date: 02/16/01
Sampling Date: 02/13/01
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: BC

POLYNUCLEAR AROMATIC HYDROCARBON - 8270 (mg/L)

	Sample Result H5606-2	Method Blank	True Value		
			QC	% Recov.	QC
1 Naphthalene	0.011	<0.002	0.041	82	0.050
2 Acenaphthylene	<0.002	<0.002	0.042	84	0.050
3 Acenaphthene	<0.002	<0.002	0.046	92	0.050
4 Fluorene	0.010	<0.002	0.053	108	0.050
5 Phenanthrene	0.027	<0.002	0.044	88	0.050
6 Anthracene	<0.002	<0.002	0.047	94	0.050
7 Fluoranthene	<0.002	<0.002	0.040	80	0.050
8 Pyrene	<0.002	<0.002	0.054	108	0.050
9 Benzo(a)anthracene	<0.002	<0.002	0.043	86	0.050
10 Chrysene	<0.002	<0.002	0.040	80	0.050
11 Benzo(b)fluoranthene	<0.002	<0.002	0.038	78	0.050
12 Benzo(k)fluoranthene	<0.002	<0.002	0.045	90	0.050
13 Benzo(a)pyrene	<0.002	<0.002	0.042	84	0.050
14 Indeno(1,2,3-cd)pyrene	<0.002	<0.002	0.044	88	0.050
15 Dibenzo(a,h)anthracene	<0.002	<0.002	0.042	84	0.050
16 Benzo(g,h,i)perylene	<0.002	<0.002	0.045	90	0.050

% Recovery

17 Nitrobenzene-d5	104
18 2-Fluorobiphenyl	89
19 Terphenyl-d14	101

METHODS: EPA SW-846 8270

Burgess A. Coche
Chemist

2/19/01
Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or agents arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

H5606-2X0



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MARALO, LLC
ATTN: PHILLIP SMITH
P.O. BOX 832

Receiving Date: 02/13/01

Reporting Date: 02/19/01

Project Number: NOT GIVEN

Project Name: JALMAT YATES FRESH H2O TEST

Project Location: JAL, NM

Lab Number: H5606-3

Sample ID: WELL #4

MIDLAND, TX 79703

FAX TO: (915) 684-9836

Analysis Date: 02/16/01

Sampling Date: 02/13/01

Sample Type: GROUNDWATER

Sample Condition: COOL & INTACT

Sample Received By: GP

Analyzed By: BC

POLYNUCLEAR AROMATIC
HYDROCARBON - 8270 (mg/L)

	Sample Result H5606-3	Method Blank	True Value		
			QC	% Recov.	QC
1 Naphthalene	<0.002	<0.002	0.041	82	0.050
2 Acenaphthylene	<0.002	<0.002	0.042	84	0.050
3 Acenaphthene	<0.002	<0.002	0.046	92	0.050
4 Fluorene	<0.002	<0.002	0.053	106	0.050
5 Phenanthrene	<0.002	<0.002	0.044	88	0.050
6 Anthracene	<0.002	<0.002	0.047	94	0.050
7 Fluoranthene	<0.002	<0.002	0.040	80	0.050
8 Pyrene	<0.002	<0.002	0.064	108	0.050
9 Benzo(a)anthracene	<0.002	<0.002	0.043	86	0.050
10 Chrysene	<0.002	<0.002	0.040	80	0.050
11 Benzo(b)fluoranthene	<0.002	<0.002	0.038	76	0.050
12 Benzo(k)fluoranthene	<0.002	<0.002	0.045	90	0.050
13 Benzo(a)pyrene	<0.002	<0.002	0.042	84	0.050
14 Indeno(1,2,3-cd)pyrene	<0.002	<0.002	0.044	88	0.050
15 Dibenzo(a,h)anthracene	<0.002	<0.002	0.042	84	0.050
16 Benzo(g,h,i)perylene	<0.002	<0.002	0.045	90	0.050

% Recovery

17 Nitrobenzene-d5	49
18 2-Fluorobiphenyl	35
19 Terphenyl-d14	80

METHODS: EPA BW-846 8270

Burgess A. Koche
Chemist

2/19/01
Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or agents arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

H5606-3-XLB



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (605) 383-2328 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
 MARALO, LLC
 ATTN: PHILLIP SMITH
 P.O. BOX 832
 MIDLAND, TX 79703
 FAX TO: (915) 684-9838

Receiving Date: 02/13/01
 Reporting Date: 02/19/01
 Project Number: NOT GIVEN
 Project Name: JALMAT YATES FRESH H2O TEST
 Project Location: JAL, NM

Sampling Date: 02/13/01
 Sample Type: GROUNDWATER
 Sample Condition: COOL & INTACT
 Sample Received By: GP
 Analyzed By: BC

LAB NO.	SAMPLE ID	BENZENE (mg/L)	TOLUENE (mg/L)	ETHYL BENZENE (mg/L)	TOTAL XYLENES (mg/L)
ANALYSIS DATE		02/14/01	02/14/01	02/14/01	02/14/01
H5806-1	WELL #1	<0.002	<0.002	<0.002	<0.006
H5806-2	WELL #2	0.008	0.005	0.145	0.248
H5806-3	WELL #4	<0.002	<0.002	<0.002	<0.006
Quality Control		0.097	0.097	0.101	0.302
True Value QC		0.100	0.100	0.100	0.300
% Recovery		97.3	97.3	101	101
Relative Percent Difference		1.1	3.3	0.1	<0.1

METHOD: EPA SW-846.8260

Phillip Smith
 Chemist

2/19/01
 Date

H5806B.XLS
 PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



PHONE (816) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MARALO, LLC.
ATTN: PHILLIP SMITH
P.O. BOX 832
MIDLAND, TX 79703
FAX TO: (815) 684-9836

Receiving Date: 02/13/01
Reporting Date: 02/19/01
Project Number: NOT GIVEN
Project Name: JALMAT YATES FRESH H2O TEST
Project Location: JAL, NM

Sampling Date: 02/13/01
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (mS/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:		02/15/01	02/16/01	02/16/01	02/16/01	02/16/01	02/16/01
H5606-1	WELL #1	143	38	44	7.07	1148	312
H5606-2	WELL #2	110	34	44	7.74	1057	387
H5606-3	WELL #4	172	38	46	6.84	1227	303
Quality Control		1.030	47	52	5.04	1489	NR
True Value QC		1.000	50	50	5.00	1413	NR
% Recovery		103	94.3	104	101	105	NR
Relative Percent Difference		0.5	8.5	0	2.0	0.3	NR

METHODS:	273.1	3500-Ca-D	3500-Mg E	6049	120.1	310.1
----------	-------	-----------	-----------	------	-------	-------

	CF (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
--	--------------	---------------------------	---------------------------	----------------------------	--------------	---------------

ANALYSIS DATE:	02/16/01	02/16/01	02/16/01	02/16/01	02/16/01	02/19/01	
H5606-1 WELL #1	63	187	0	381	7.72	736	
H5606-2 WELL #2	18	102	56	358	8.37	665	
H5606-3 WELL #4	78	242	0	370	7.80	800	
Quality Control		1051	63.03	NR	995	7.05	NR
True Value QC		1000	60.00	NR	1000	7.00	NR
% Recovery		105	106	NR	99.5	101	NR
Relative Percent Difference		6.8	3.0	NR	0	0.3	NR

METHODS:	8M4500-Cl-B	375.4	310.1	310.1	150.1	160.1
----------	-------------	-------	-------	-------	-------	-------

Amy Hill

Chemist

2-19-01

Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates, or agents, arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

CLAY OSBORN
P.O. BOX 1258
JAL, NM 88252
(505) 395-2510

RECEIVED
JAN 31 2001
REMEDIATION DIVISION

January 29, 2001

Mr. Phillip Smith
Maralo, LLC
P.O. Box 832
Midland, Texas 79702

RE: JAL MAT YATES UNIT TANK BATTERY SITE
JAL, NEW MEXICO

Dear Mr. Smith:

I am in receipt of a copy of your letter dated December 18, 2000 in reference to the Maralo, LLC Jal Mat Yates Unit tank battery site. You stated in that letter that I have prohibited you from completing the remediation of the above referenced site.

To begin with I was not contacted by you or your representatives that remediation had started on this site. I discovered as I came home from work on the evening of October 9, 2000 that R. E. Environmental Service, Inc. had moved equipment onto this site and began remediation of the impacted soil due to the spill. It appeared that the R.E. Environmental had covered approximately the entire east quarter of this spill with my topsoil and grass without my knowledge or permission. I then telephoned your Production Foreman, Mr. Boyd Chesser, and notified him that if this continued without my permission I would file trespassing charges. I also explained to him that I was not opposed to R.E. Environmental continuing with the delineation process; however, they were not to use my soil or grasses without prior approval, compensation and a written agreement from me.

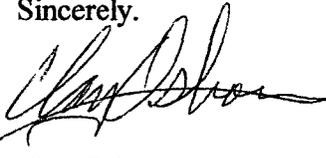
On the very next day you phoned me about this cleanup. I informed you during our conversation that I had no problem with the delineation process but that I had not approved the usage of my topsoil or grass as blending and backfill. I then explained that if your company insisted on doing so without my permission, I would be forced to file trespassing charges. As landowner I require that we meet to discuss soil disposal or land farming on any leak or spill. No one is allowed to come on private property and start remediation with out permission and approval. OCD approval of your remediation plan does not give your company or anyone else the right to use or trespass private property.

Boyd Chesser and another Maralo employee came to my home November 3, 2000 and we went to the spill site. I explained, very plainly, that Maralo, LLC, would compensate

me for my topsoil and grass. We also discussed how land farming would make the spill site larger. I explained to him why I preferred the site to be cored instead of testing with a backhoe. We went to the monitor well NW of the leak site and I also pointed out the monitor well SE of the site. We also discussed the water well NE of spill site. I told him soil analyticals would have to be taken according to NMOCD rules and Regulations. I do require a copy of all analyticals for my files. Mr. Chesser was not aware of NMOCD land farming guidelines. I informed him the NMOCD's "Guidelines For Remediation Of Leaks, Spills And Releases" could be obtained from the Hobbs OCD office. I also discussed with him how I preferred the contaminated soil be dug out and hauled off but since you have elected to remediate on site that I would work with you within the NMOCD Land Farming Guidelines.

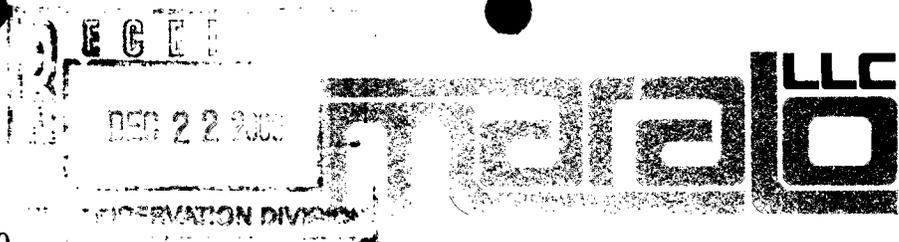
Please refer to Bill Olson's letter to you on October 24, 2000. If you will follow these conditions and go by the NMOCD "Guidelines For Remediation Of Leaks, Spills And Releases and you agree to meet with me to discuss this matter we should be able to come to terms about the use of our property for land farming on site or haul off and disposal of the contaminated soil.

Sincerely,

A handwritten signature in cursive script, appearing to read "Clay Osborn".

Clay Osborn

cc: Bill Olson-NMOCD/Santa Fe



December 18, 2000

CERTIFIED MAIL/RETURN RECEIPT
Z 557 842 318

Mr. William C. Olson
Hydrologist
Environmental Bureau
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Your letter dated October 24, 2000, Item #4
Maralo, LLC Jalmat Yates Unit Tank Battery Site

Dear Mr. Olson:

On two separate occasions (as documented on the enclosed invoice) Maralo LLC has attempted to accomplish the remediation as specified in the above letter. RE Environmental Services, Inc. invoice #8332 dated October 31, 2000 details the remedial activities that were attempted at the Jalmat Yates Unit Battery in conjunction with the release dated September 27, 2000. We continue to be prohibited from completing this task by surface owner, Clay Osborn.

October 9, 2000: Equipment was moved into place by RE Environmental Services Inc. as detailed in bid dated September 29, 2000 in preparation to timely remediate. The intended work was specified on the C-141 dated October 5, 2000 in the Describe Area Affected and Cleanup Action Taken portion of the form.

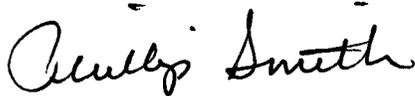
October 10, 2000: Clay Osborn shut down cleanup. I received telephoned approval of this C-141 from Donna Williams, NMOCD, Hobbs. She stated she would call Clay Osborn regarding her acceptance of the plan and would fax an approval letter to Maralo, LLC. We notified RE Environmental Services to continue with remediation work as per Ms. Williams verbal approval and her stated intent to notify Clay Osborn.

October 11, 2000: RE Environmental Services again initiated remediation work as previously accepted by Ms. Williams. I conferenced later in the day with her and Chris Williams of the NMOCD Hobbs office regarding this issue and requested confirmation of Ms. Williams's telephone call with Clay Osborn. Ms. Williams admitted she did not contact Clay Osborn, nor had she followed up with a remediation approval letter to Maralo, LLC. The verbal approval of yesterday was denied. Maralo, LLC was requested to coordinate investigative and remedial

activities with Bill Olson, NMOCD, Santa Fe. You were not available for a week. Remediation work shut down once again.

October 19, 2000: In our telephone conversation, you requested the Jalmat Yates Battery data be faxed to you, which resulted in your October 24, 2000 letter sent to my attention. Until the surface owner grants work approval and site access, we are unable to perform the remediation work as specified.

Sincerely,

A handwritten signature in cursive script that reads "Phillip Smith". The signature is written in black ink and is positioned above the typed name and title.

Phillip Smith
Operations Manager

cc: NMOCD Hobbs



ENVIRONMENTAL SERVICES, INC.

P.O. Box 13418 • Odessa, TX 79768-3418 • (915) 550-8522 • Fax (915) 366-0804

8337

Customer's Name Maralo, LLC Date 10/31/00

Address P.O. Box 1505, Andrews, TX 79714 Business Associate No. _____

Location Jalmat Yates Unit Battery

Description Of Work - Furnish Labor, Equipment Excavate contaminated soil, document test points and results.

Payable in 15 days

DATE	OPERATOR	TYPE EQUIPMENT	HRS.	RATE	TOTAL
10/09	M. Paz	Backhoe 4WD EX w/opr	11	45.00	495.00
	A. Vasquez	Laborer → Started cleanup	11	15.00	165.00
	A. Herrera	Laborer	11	15.00	165.00
	D. Robinson	On-site Supervisor	6.5	25.00	162.50
		On-site TPH Test ✓	3	20.00	60.00
10/10	M. Paz	Backhoe 4WD EX w/opr	5	45.00	225.00
	A. Herrera	Laborer → Clay Osborne Shut US down on cleanup	5	15.00	75.00
	D. Robinson	On-site Supervisor	6	25.00	150.00
		On-site TPH	2	20.00	40.00
		On-site Chlorides ✓	7	20.00	140.00
10/11	T. Solis	Backhoe 4WD EX w/opr Started	4	45.00	180.00
	R. Catano	Laborer → back up & Clay	4	15.00	60.00
	A. Herrera	Laborer shut US down again	4	15.00	60.00

TERMS: NET 30 / UNPAID BALANCE INCURS INTEREST OF 1 1/2% PER MONTH.

WORK APPROVED BY: Boyd Baker 11-10-00

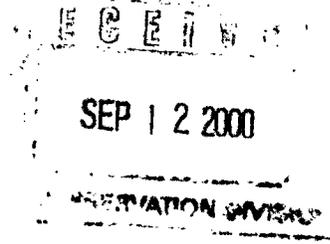
All Accounts Due and Payable in Ector County, Odessa, Texas.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
DISTRICT I HOBBS
PO BOX 1980, Hobbs, NM 88241
(505) 393-6161
FAX (505) 393-0720

Jennifer A. Salisbury
CABINET SECRETARY



Memo

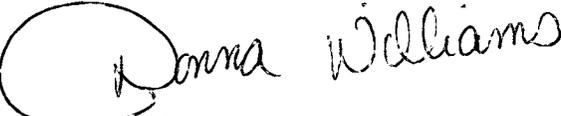
To: Bill Olson
From: Donna Williams
CC:
Date: 09/08/00
Re: Maralo

Bill,

Hi, for your files and review....another one for you to add to your list of things to do. I have requested from Dorothea Logan with Maralo a map of where the water well is at that the sample was taken from. Where the well is with respect to the leak in question and with respect to the facility. And she said she would be getting back with me on this matter. And as soon as I get this information I will be forwarding it to you.

If you have any questions give me a call.

Thanks a lot.


Donna Williams



**facsimile
TRANSMITTAL**

DATE: 6-28-00

4 PAGES TO FOLLOW

FAX # (915) 684-9836

DELIVER TO: DONNA WILLIAMS

COMPANY: OCD/HOBBS

FAX NUMBER: 505-393-0720

FROM: DOROTHEA LOGAN

Donna:

I am sending copies of the Water Level Information from the State Engineers Office and the Champion Technologies recent Water Analysis Report of a Jalmat Yates Fresh Water Well of near proximity to the reported release.

Both demonstrate that contaminants have not, and given the elapsed 2 month period of time, will not migrate vertically to cause groundwater to exceed standards. Please call me and let me know if further demonstration is required. A final report can be submitted after hearing from you.



Maralo, LLC P.O. Box 832 Midland, Texas 79702 (915) 684-7441



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

G
Lorena
Jennifer A. Esteban
Chief Secretary

Lari Wrotenberg
Director
Oil Conservation Division

June 13, 2000

Maralo, LLC
Attn: Dorothea Logan
P.O. Box 832
Midland, Tx 79702

Re: C-141: Submitted on April 19, 2000
UL A-Sec 13-T25S-R36E
Jal Mat Battery

Dear Ms. Logan:

The New Mexico Oil Conservation Division (NMOCD) is in receipt of the C-141 referenced above that was submitted by Maralo. The NMOCD hereby requires Maralo to demonstrate that contaminants have not and will not migrate vertically so as to cause groundwater to exceed standards. If this demonstration cannot be made, Maralo will submit to the NMOCD a corrective action plan and/or a remediation plan (using the guidelines to assist you in this matter) within 15 days of receipt of this letter pursuant to Rule 116.D.

An attempt was made by an NMOCD inspector to enter the battery area to check on the spill after it occurred. The gate was locked and the inspector could not gain entrance. Please provide the NMOCD Hobbs District Office with a key to the facility. -Chris Williams District I Supervisor. *CW*

If you have any further questions, or need any assistance please do not hesitate to write or call me at (505) 393-6161 ext...113.

Sincerely,

Donna Williams

Donna Williams
Environmental Engineer Specialist
cc: Roger Anderson - Environmental Bureau Chief
Chris Williams - District I Supervisor

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
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 MARALO, LLC	Contact PHILLIP SMITH, OPERATIONS MANAGER
Address P. O. BOX 832, MIDLAND, TX 79702	Telephone No. (915) 684-7441
Facility Name JAL NAT BATTERY	Facility Type PRODUCTION FACILITY
Surface Owner CLAY OSBORN	Mineral Owner -
	Lease No. -

LOCATION OF RELEASE

Unit/Enter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	1050	NORTH	1100	EAST	LEA

NATURE OF RELEASE

Type of Release WATER & OIL	Volume of Release 60 BW, 1 BO	Volume Recovered 30 BW
Source of Release HOLE IN HEADER	Date and Hour of Occurrence 04/17/00 APPROX 800M MST	Date and Hour of Discovery 04/17/00 12:30PM MST
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? SYLVIA DICKEY, NMOCD/HOBBS	
By Whom? MARREN HUNT	Date and Hour 04/17/00 12:30 PM MST	
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.* CAUSE: HOLE IN HEADER ACTION: REPLACED FITTINGS IN HEADER		
Describe Area Affected and Cleanup Action Taken.* AREA AFFECTED: RELEASE COMPLETELY CONTAINED WITHIN FIREWALL AT BATTERY. CLEANUP ACTION: BACKDRAG LOCATION, RAKE AND CLEANUP. REPLACED CHAT IN BATTERY.		

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD 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, NMOCD 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>Dorothea Logan</i>	OIL CONSERVATION DIVISION	
Printed Name: DOROTHEA LOGAN	Approved by:	District Supervisor:
Title: REGULATORY ANALYST	Approval Date:	Expiration Date:
Date: APRIL 19, 2000 Phone: (915) 684-7441	Conditions of Approval:	Attached <input type="checkbox"/>

* Attach Additional Sheets if Necessary

PL



Water Analysis Report

6/2/2000

Address:

Customer: Maralo, Inc.

Client: Jalmat Yates

Attention:

Formation:

Target Name: Jalmat Yates Fresh Water Sample Point: FRESHH2O/ Sample Date: 06/01/2000 Test Date: 06/02/2000

Water Analysis(mg/L)

Calcium	80
Magnesium	184
Barium	
Strontium	
Sodium(calc.)	676
Bicarbonate Alkalinity	878
Sulfate	324
Chloride	1000

Appended Data(mg/L)

CO2	10
H2S	
Iron	2

Physical Properties

Ionic Strength(calc.)	0.06
pH(calc.)	
Temperature(°F)	90
Pressure(psia)	50
Density	8.35

Additional Data

Specific Gravity	1.00
Total Dissolved Solids(Mg/L)	3152
Total Hardness(CaCO3 Eq Mg/L)	995

Calcite Calculation Information

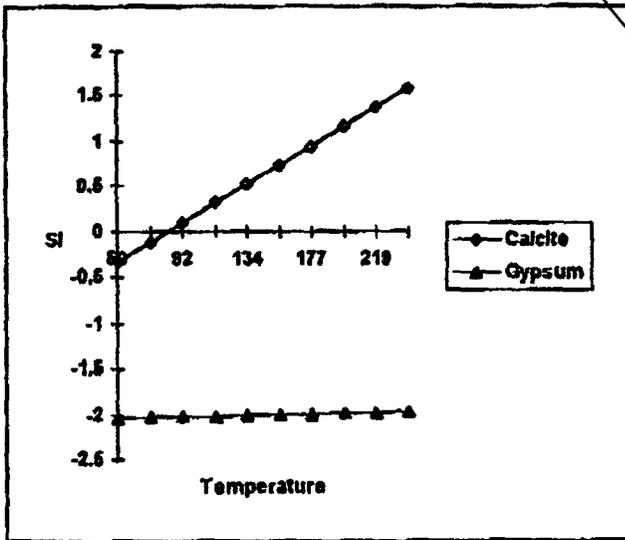
Calculation Method	Value
Known pH	7.01

Remarks:

SI & PTB Results

Scale Type	SI	PTB
Calcite (Calcium Carbonate)	0.07	8.70
Gypsum (Calcium Sulfate)	-2.02	
Hemihydrate (Calcium Sulfate)	-1.80	
Anhydrite (Calcium Sulfate)	-2.28	
Barite (Barium Sulfate)		
Celestite (Strontium Sulfate)		

Saturation Indices



Saturation Index Data Points

	Calcite	Gypsum
60	-0.33	-2.04
71	-0.12	-2.03
92	0.09	-2.02
113	0.31	-2.02
134	0.52	-2.01
156	0.73	-2.00
177	0.94	-2.00
198	1.16	-1.99
219	1.37	-1.99
240	1.58	-1.98

*250 ppm
taken from
a well near
Release. Per
09-08-00
D.W.
Per Dorthea Logan*

John J. Anderson

WATER LEVEL INFORMATION

DATE: 6-20-00

FROM: Fred McMinim

REQUESTED BY: Dorothea Logan

LOCATION: 25.36.13.

A review of the records of the State Engineers Office revealed the following water levels within the location listed above. This is the most current information that this office has on record. Some of this information maybe several years old, therefore may no longer be accurate.

<u>DATE</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION</u>	<u>SUBDIVISION</u>	<u>ELEVATION</u>	<u>W/L</u>
10-23-80	25S.	36E.	13	NE $\frac{1}{4}$		350'
11-4-80	25S	36E.	13.	NE $\frac{1}{4}$		390'

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

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

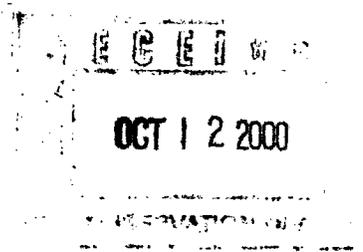
Owner Name: (First) (Last) Non-Domestic Domestic
 All

AVERAGE DEPTH OF WATER REPORT 08/22/2000

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg

No Records found, try again

Rocky Top Ranch
P.O. Box 1285
Jal, NM 8825
Phone 505-395-2510



October 8, 2000

RE: Maralo's Jalmat Yates Unit

Bill Olson
Oil Conservation Division
2040 South Pecheco
Santa Fe, NM 87505

Dear Bill,

I'm sending you a copy of the pictures from the Maralo's Jalmat Yates Unit flow line leak that occurred Sept. 27, 2000. When you look at the pictures you'll see one picture in particular of a large puddle of oil standing in a road that was left to soak into the ground after E.L. Gonzalez and Donna left location. Mr. Hunt had the tank truck empty the cellar at well #17 then sent the truck home. Mr. Hunt did not tell us that the tubing head had leaked and ran the cellar over.

I think this time we need to look at the vertical and horizontal depth in this area, as there have been numerous leaks of 30-400 BBLs over the past years in this same area which have never been reported or cleaned up.

If I can help you in any way or answer any questions please feel free to call me anytime day or night. Thank you for all your help.

Yours truly,

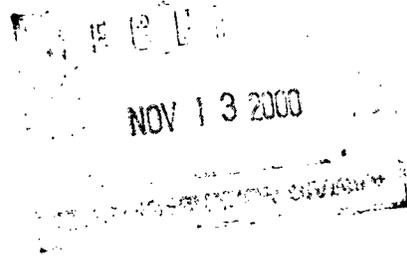
Clay Osborn

FAXED & MAILED BY CERTIFIED MAIL
RETURN RECEIPT NO. Z 557 842 317



November 10, 2000

Mr. William C. Olson
Hydrologist
Environmental Bureau
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505



RE: Your letter dated October 24, 2000
Maralo, LLC Jal Mat Yates Unit Tank Battery Site

Dear Mr. Olson:

In response to your directive in Item No. 5 of the above referred letter, and based upon the October 31, 2000 excavation and sampling (Enclosure #1 Hydrocarbon Test Results) by R. E. Environmental Services, Inc., P. O. Box 13418, Odessa, Texas 79768, Maralo LLC believes that the results are within the parameters defined in Ground And Surface Water Protection -- 20 MAC 6.2 and the NMOCD Guidelines For Remediation of Leaks, Spills and Releases.

A water sample from the Jal Mat Yates Water Supply Well #1, (Enclosure #2) located within 100 feet west of the spill shows an acceptable chloride content level. I am also enclosing a faxed copy dated June 20, 2000 of the Water Level Information Form from Fred McMinn at the New Mexico State Engineers Office (Enclosure #3) showing the water level at 350 feet and 390 feet. In subsequent telephone calls to that office, I have been told that there is no other registered groundwater in Section 13, T25S-R36E, Lea County, New Mexico.

This documentation offers evidence that contaminants have not and will not migrate vertically and cause ground water to exceed the standards. Upon abandonment of this facility, Maralo LLC will remediate in accordance with OCD approved procedures.

Sincerely,

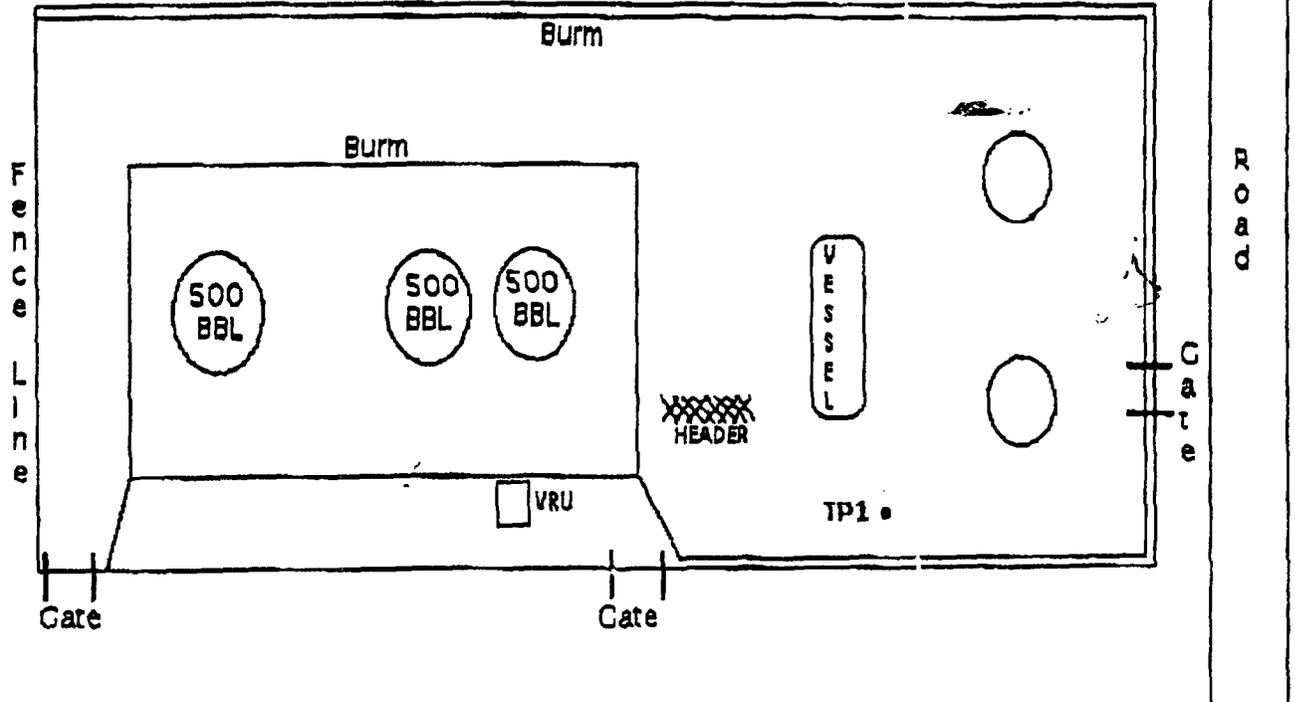
A handwritten signature in cursive script that reads "Phillip Smith". The signature is written in black ink and is positioned above the typed name.

Phillip Smith
Operations Manager

Enclosures (3)

cc: Chris Williams, OCD Hobbs District Office

R.E. ENVIRONMENTAL SERVICES, INC.
 P.O. BOX 13418 ODESSA, TEXAS 79768-3418 (915) 550-8522



MARALO, INC.
Jalmat Yates Battery

Hydrocarbon Test Results

<u>Test Points</u>	<u>TPH Results</u>	<u>Chloride Results</u>
1. /	304ppm @ 3'	250ppm @13.5'

P. O. BOX 1468
 MONAHANS, TEXAS 79756
 PH. 943-3234 OR 563-1040

Martin Water Laboratories, Inc.

709 W. INDIANA
 MIDLAND, TEXAS 79701
 PHONE 683-4521

RESULT OF WATER ANALYSES

TO: Mr. Phillip Smith LABORATORY NO. 900113
P.O. Box 832, Midland, Texas 79702 SAMPLE RECEIVED 9/14/00
 RESULTS REPORTED 9/20/00

COMPANY Maralo, LLC LEASE Jalmat Yates
 FIELD OR POOL _____ COUNTY Lea STATE NM
 SECTION _____ BLOCK _____ SURVEY _____

SOURCE OF SAMPLE AND DATE TAKEN:
 NO. 1 Raw water - taken at Jalmat Yates. 9/11/00 Fresh water supply well #1
 NO. 2 _____
 NO. 3 _____
 NO. 4 _____

REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.0020			
pH When Sampled				
pH When Received	7.23			
Bicarbonate as HCO ₃	361			
Supersaturation as CaCO ₃				
Undersaturation as CaCO ₃				
Total Hardness as CaCO ₃	244			
Calcium as Ca	53			
Magnesium as Mg	27			
Sodium and/or Potassium	163			
Sulfate as SO ₄	222			
Chloride as Cl	51			
Iron as Fe	0.30			
Barium as Ba				
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	878			
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen				
Hydrogen Sulfide	0.0			
Resistivity, ohms/m at 77° F.	9.58			
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Nitrate, as N	0.2			

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks The undersigned certifies the above to be true and correct to the best of his knowledge and belief.

By Waylan C. Martin
 Waylan C. Martin, M.A.

WATER LEVEL INFORMATION

DATE: 6-20-00

FROM: Fred McMinim

REQUESTED BY: Dorothea Logan

LOCATION: 25.36.13.

A review of the records of the State Engineers Office revealed the following water levels within the location listed above. This is the most current information that this office has on record. Some of this information maybe several years old, therefore may no longer be accurate.

<u>DATE</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION</u>	<u>SUBDIVISION</u>	<u>ELEVATION</u>	<u>W/L</u>
10-23-80	25S.	36E.	13	NE¼		350'
11-4-80	25S	36E.	13.	NE¼		390'

District I
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 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
 2040 South Pacheco
 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 MARALO, LLC		Contact PHILLIP SMITH, OPERATIONS MANAGER	
Address P. O. BOX 832, MIDLAND, TX 79702		Telephone No. (915) 684-7441	
Facility Name JAL MAT YATES UNIT BATTERY		Facility Type PRODUCTION FACILITY	
Surface Owner CLAY OSBORN	Mineral Owner -	Lease No. -	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	1050	NORTH	1100	EAST	LEA

NATURE OF RELEASE

Type of Release OIL & WATER	Volume of Release 50 BBLS OIL, 200 BBLS WATER	Volume Recovered 30 BBLS OIL
Source of Release FLOWLINE LEAK FROM WELL #33	Date and Hour of Occurrence 09/27/00 7AM MST	Date and Hour of Discovery 09/27/00 11AM MST
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? LINDA WILLIAMS/OCD HOBBS	
By Whom? MARALO LLC PUMPER WARREN HUNT	Date and Hour 09/27/00 01:30PM MST	
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.*

CAUSE: CORROSION CAUSED LEAK IN FLOWLINE

ACTION: REPAIRED & REPLACED FLOWLINE

Describe Area Affected and Cleanup Action Taken.*

AREA AFFECTED: 1,000' X 6' X 2'. THE FOLLOWING PROPOSED CLEANUP IS ATTACHED AND SCHEDULED FOR 10/09/00:

CLEANUP ACTION: EXCAVATE CONTAMINATED MATERIAL TO REQUIRED DEPTH. BRING IN CLEAN MATERIAL FROM AREA OF CLOSE PROXIMITY TO SPILL FOR BLENDING PURPOSES. TESTS FOR 5000PPM TARGET TAKEN. BACKFILLED & LEVELLED.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD 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, NMOCD 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: 	OIL CONSERVATION DIVISION	
Printed Name: DOROTHEA LOGAN	Approved by District Supervisor:	
Title: REGULATORY ANALYST	Approval Date:	Expiration Date:
Date: OCTOBER 5, 2000 Phone: (915) 684-7441	Conditions of Approval:	Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary

R.E. ENVIRONMENTAL SERVICES INC.

P.O. BOX 13418 ODESSA TX. 79768-3418 (915) 550-8522

September 29, 2000

Maralo, Inc.
223 W. Wall
Suite 900
Midland, TX 79702

Dear Mr. Phillip Smith:

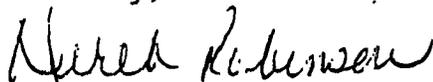
As per the flowline leak in the battery in the Yates Unit Field:

The agreed dimensions of cleanup are 1,000'x6'x2'. The method of cleanup we propose is to excavate contaminated material to the required depth while also bringing in clean material from along side the spill area for blending purposes at the same time. Once all material is out and clean bottoms are reached, we will blend and take the required tests until the 5,000ppm target is reached. We will then backfill with this material and level to complete the job.

TOTAL COST OF CLEANUP - \$4,800.00

Thank you for giving us this opportunity to be of service to you. If you should have any questions, please feel free to call me at (915) 550-8522.

Sincerely,



Derek Robinson



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

G:
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

June 13, 2000

FILE

Maralo, LLC
Attn: Dorothea Logan
P.O. Box 832
Midland, Tx 79702

Re: C-141: Submitted on April 19, 2000
UL A-Sec 13-T25S-R36E
Jal Mat Battery

Dear Ms. Logan:

The New Mexico Oil Conservation Division (NMOCD) is in receipt of the C-141 referenced above that was submitted by Maralo. **The NMOCD hereby requires Maralo to demonstrate that contaminants have not and will not migrate vertically so as to cause groundwater to exceed standards. If this demonstration cannot be made, Maralo will submit to the NMOCD a corrective action plan and/or a remediation plan (using the guidelines to assist you in this matter) within 15 days of receipt of this letter pursuant to Rule 116.D.**

An attempt was made by an NMOCD inspector to enter the battery area to check on the spill after it occurred. The gate was locked and the inspector could not gain entrance. Please provide the NMOCD Hobbs District Office with a key to the facility. -Chris Williams District 1 Supervisor. CW

If you have any further questions, or need any assistance please do not hesitate to write or call me at (505) 393-6161 ext...113.

Sincerely,

Donna Williams

Donna Williams
Environmental Engineer Specialist
cc: Roger Anderson - Environmental
Chris Williams - District I Superv

5329

Tomorrow A Maralo
11:00 A.M.

Warren Hunt

go to South End } combo To gate
on S. End



Combination 5329

District I
1625 N. French Dr., Hobbs, NM 88240
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Energy Minerals and Natural Resources
Oil Conservation Division
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Santa Fe, NM 87505

Form C-141
Revised March 17, 1999

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side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company MARALO, LLC	Contact PHILLIP SMITH, OPERATIONS MANAGER
Address P. O. BOX 832, MIDLAND, TX 79702	Telephone No. (915) 684-7441
Facility Name JAL MAT BATTERY	Facility Type PRODUCTION FACILITY
Surface Owner CLAY OSBORN	Mineral Owner -
	Lease No. -

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	1050	NORTH	1100	EAST	LEA

NATURE OF RELEASE

Type of Release WATER & OIL	Volume of Release 60 BW, 1 BO	Volume Recovered 30 BW
Source of Release HOLE IN HEADER	Date and Hour of Occurrence 04/17/00 APPROX NOON MST	Date and Hour of Discovery 04/17/00 12:30PM MST
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? SYLVIA DICKEY, NMOCD/HOBBS	
By Whom? WARREN HUNT	Date and Hour 04/17/00 12:30 PM MST	
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.* CAUSE: HOLE IN HEADER ACTION: REPLACED FITTINGS IN HEADER		
Describe Area Affected and Cleanup Action Taken.* AREA AFFECTED: RELEASE COMPLETELY CONTAINED WITHIN FIREWALL AT BATTERY. CLEANUP ACTION: BACKDRAG LOCATION, RAKE AND CLEANUP. REPLACED CHAT IN BATTERY.		

Warren told me it rained down hill on 06-19-00 Q.W.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD 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, NMOCD 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>Dorothea Logan</i>	OIL CONSERVATION DIVISION	
Printed Name: DOROTHEA LOGAN	Approved by District Supervisor:	
Title: REGULATORY ANALYST	Approval Date:	Expiration Date:
Date: APRIL 19, 2000 Phone: (915) 684-7441	Conditions of Approval:	Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary

M



CERTIFIED MAIL
RETURN RECEIPT NO. Z 557 842 358

OCT 30 2000

October 26, 2000

Mr. William C. Olson
Hydrologist
Environmental Bureau
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Your letter dated and faxed October 24, 2000
Maralo, LLC Jal Mat Yates Unit Tank Battery Site

Dear Mr. Olson:

Per your directive in Item No. 6 of the above referred letter, Maralo LLC submits the enclosed Form C-141 in duplicate with attachments to comply with the November 1, 2000 deadline request.

Duplicate copies of this filing have been sent this date to the OCD Hobbs District office. Please call Phillip Smith or Dorothea Logan at (915) 684-7441 should you have any question regarding this filing.

Sincerely,

A handwritten signature in cursive script that reads "Dorothea Logan".

Dorothea Logan
Regulatory Analyst

Encls (2)

cc: Chris Williams, OCD Hobbs District Office

District I
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Form C-141
Revised March 17, 1999

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with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company MARALO, LLC	Contact PHILLIP SMITH, OPERATIONS MANAGER
Address P. O. BOX 832, MIDLAND, TX 79702	Telephone No. (915) 684-7441
Facility Name JAL MAT WATER SUPPLY WELL #2	Facility Type WATER SUPPLY WELL
Surface Owner CLAY OSBORN	Mineral Owner -
	Lease No. -

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	547	NORTH	1100	EAST	LEA

NATURE OF RELEASE

Type of Release SKIM OIL & WATER	Volume of Release 10 - 15 BBLs.	Volume Recovered 0
Source of Release FLOWLINE	Date and Hour of Occurrence 09/11/00	Date and Hour of Discovery 09/11/00
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

DESCRIPTION OF EVENT: WELL WAS BEING PULLED BY BENTLE'S WATER WELL COMPANY TO REPAIR/REPLACE DOWNHOLE DEFECTIVE PUMP AND/OR MOTOR.

FLOWLINE FROM WATER WELL TO STORAGE TANK HAD A DEFECTIVE CHECK VALVE IN LINE. WATER STORAGE TANK FILLED UP AND OVERFLOWED INTO FLOWLINE TO WATER WELL. DUE TO HOLE IN WATER WELL TUBING STRING, SKIM OIL (8-12 GALS) AND WATER (10-15 BBLs) FROM WATER TANK BACKFLOWED BY GRAVITY INTO WATER WELL.

SUBSEQUENT ACTION TAKEN: DEFECTIVE PUMP, MOTOR, JOINT OF TUBING AND CHECK VALVE WERE REPLACED OR REPAIRED. WELL WAS PUT BACK IN SERVICE AND OPERATED FOR +/- 6 HOURS. A WATER SAMPLE (ATTACHED) WAS TAKEN AND ANALYZED BY MARTIN WATER LABS.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD 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, NMOCD 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.

OIL CONSERVATION DIVISION

Signature: *Phillip Smith 10/26/00*
Printed Name: PHILLIP SMITH
Title: OPERATIONS MANAGER
Date: OCTOBER 26, 2000 Phone: (915) 684-7441

Approved by
District Supervisor:
Approval Date: _____ Expiration Date: _____
Conditions of Approval: _____ Attached

* Attach Additional Sheets If Necessary

RESULT OF WATER ANALYSES

TO: Mr. Phillip Smith LABORATORY NO. 900113
P.O. Box 832, Midland, Texas 79702 SAMPLE RECEIVED 9/14/00
 RESULTS REPORTED 9/20/00

COMPANY Maralo, LLC LEASE Jalmat Yates

FIELD OR POOL _____ COUNTY Jal

SECTION _____ BLOCK _____ SURVEY _____ COUNTY Lea STATE NM

SOURCE OF SAMPLE AND DATE TAKEN:

- NO. 1 Raw water - taken at Jalmat Yates. 9/11/00
- NO. 2 _____
- NO. 3 _____
- NO. 4 _____

REMARKS: _____

CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.0020			
pH When Sampled				
pH When Received	7.23			
Bicarbonate as HCO ₃	361			
Supersaturation as CaCO ₃				
Undersaturation as CaCO ₃				
Total Hardness as CaCO ₃	244			
Calcium as Ca	53			
Magnesium as Mg	27			
Sodium and/or Potassium	163			
Sulfate as SO ₄	222			
Chloride as Cl	51			
Iron as Fe	0.30			
Barium as Ba				
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	878			
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen,				
Hydrogen Sulfide	0.0			
Resistivity, ohms/m at 77° F.	9.58			
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Nitrate, as N	0.2			

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks The undersigned certifies the above to be true and correct to the best of his knowledge and belief.

District I
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District IV
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State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-141
Revised March 17, 1999

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side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company MARALO, LLC	Contact PHILLIP SMITH, OPERATIONS MANAGER
Address P. O. BOX 832, MIDLAND, TX 79702	Telephone No. (915) 684-7441
Facility Name JAL MAT WATER SUPPLY WELL #2	Facility Type WATER SUPPLY WELL
Surface Owner CLAY OSBORN	Mineral Owner -
	Lease No. -

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	547	NORTH	1100	EAST	LEA

NATURE OF RELEASE

Type of Release SKIM OIL & WATER	Volume of Release 10 - 15 BBLs.	Volume Recovered 0
Source of Release FLOWLINE	Date and Hour of Occurrence 09/11/00	Date and Hour of Discovery 09/11/00
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

DESCRIPTION OF EVENT: WELL WAS BEING PULLED BY BENTLE'S WATER WELL COMPANY TO REPAIR/REPLACE DOWNHOLE DEFECTIVE PUMP AND/OR MOTOR.

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OIL CONSERVATION DIVISION

Signature: <i>Phillip Smith 10/26/00</i>	Approved by District Supervisor:	
Printed Name: PHILLIP SMITH	Approval Date:	Expiration Date:
Title: OPERATIONS MANAGER	Attached <input type="checkbox"/>	
Date: OCTOBER 26, 2000 Phone: (915) 684-7441	Conditions of Approval:	

* Attach Additional Sheets If Necessary

RESULT OF WATER ANALYSES

TO: Mr. Phillip Smith LABORATORY NO. 900113
P.O. Box 832, Midland, Texas 79702 SAMPLE RECEIVED 9/14/00
 RESULTS REPORTED 9/20/00

COMPANY Maralo, LLC LEASE Jalmat Yates

FIELD OR POOL _____ COUNTY Jal

SECTION _____ BLOCK _____ SURVEY _____ COUNTY Lea STATE NM

SOURCE OF SAMPLE AND DATE TAKEN:

NO. 1 Raw water - taken at Jalmat Yates. 9/11/00

NO. 2 _____

NO. 3 _____

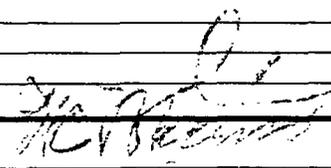
NO. 4 _____

REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.0020			
pH When Sampled				
pH When Received	7.23			
Bicarbonate as HCO ₃	361			
Supersaturation as CaCO ₃				
Undersaturation as CaCO ₃				
Total Hardness as CaCO ₃	244			
Calcium as Ca	53			
Magnesium as Mg	27			
Sodium and/or Potassium	163			
Sulfate as SO ₄	222			
Chloride as Cl	51			
Iron as Fe	0.30			
Barium as Ba				
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	878			
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen,				
Hydrogen Sulfide	0.0			
Resistivity, ohms/m at 77° F.	9.58			
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Nitrate, as N	0.2			

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks The undersigned certifies the above to be true and correct to the best of his knowledge and belief.





**facsimile
TRANSMITTAL**

DATE: 10-19-00

6 PAGES TO FOLLOW

FAX # (915) 684-9836

DELIVER TO: BILL OLSON

COMPANY: OCD/SANTA FE

FAX NUMBER: 505-827-8177

FROM: PHILLIP SMITH
DOROTHEA LOGAN

REMARKS: PER YOUR REQUEST



District I
1625 N. French Dr., Hobbs, NM 88240
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411 South First, Artesia, NM 88210
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Revised March 17, 1999

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Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

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Address P. O. BOX 832, MIDLAND, TX 79702		Telephone No. (915) 684-7441
Facility Name JAL MAT YATES UNIT BATTERY		Facility Type PRODUCTION FACILITY
Surface Owner CLAY OSBORN	Mineral Owner -	Lease No. -

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	1050	NORTH	1100	EAST	LEA

NATURE OF RELEASE

Type of Release OIL & WATER	Volume of Release 50 BBLs OIL, 200 BBLs WATER	Volume Recovered 30 BBLs OIL
Source of Release FLOWLINE LEAK FROM WELL #33	Date and Hour of Occurrence 09/27/00 7AM MST	Date and Hour of Discovery 09/27/00 11AM MST
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? LINDA WILLIAMS/OCD HOBBS	
By Whom? MARALO LLC PUMPER WARREN HUNT	Date and Hour 09/27/00 01:30PM MST	
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.*

CAUSE: CORROSION CAUSED LEAK IN FLOWLINE

ACTION: REPAIRED & REPLACED FLOWLINE

Describe Area Affected and Cleanup Action Taken.*

AREA AFFECTED: 1,000' X 6' X 2'. THE FOLLOWING PROPOSED CLEANUP IS ATTACHED AND SCHEDULED FOR 10/09/00:

CLEANUP ACTION: EXCAVATE CONTAMINATED MATERIAL TO REQUIRED DEPTH. BRING IN CLEAN MATERIAL FROM AREA OF CLOSE PROXIMITY TO SPILL FOR BLENDING PURPOSES. TESTS FOR 5000PPM TARGET TAKEN. BACKFILLED & LEVELLED.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD 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, NMOCD 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.

OIL CONSERVATION DIVISION

Signature: 	Approved by District Supervisor:	
Printed Name: DOROTHEA LOGAN	Approval Date:	Expiration Date:
Title: REGULATORY ANALYST	Conditions of Approval:	
Date: OCTOBER 5, 2000 Phone: (915) 684-7441	Attached <input type="checkbox"/>	

* Attach Additional Sheets if Necessary

R.E. ENVIRONMENTAL SERVICES INC.
P.O. BOX 13418, ODessa, TX, 79768-3418 (915) 550-8522

September 29, 2000

Maralo, Inc.
223 W. Wall
Suite 900
Midland, TX 79702

Dear Mr. Phillip Smith:

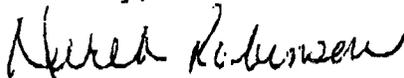
As per the flowline leak in the battery in the Yates Unit Field:

The agreed dimensions of cleanup are 1,000'x6'x2'. The method of cleanup we propose is to excavate contaminated material to the required depth while also bringing in clean material from along side the spill area for blending purposes at the same time. Once all material is out and clean bottoms are reached, we will blend and take the required tests until the 5,000ppm target is reached. We will then backfill with this material and level to complete the job.

TOTAL COST OF CLEANUP - \$4,800.00

Thank you for giving us this opportunity to be of service to you. If you should have any questions, please feel free to call me at (915) 550-8522.

Sincerely,



Derek Robinson

P. O. BOX 1488
 MONAHAN, TEXAS 79766
 PH. 943-9224 OR 583-1040

Martin Water Laboratories, Inc.

708 W. INDIANA
 MIDLAND, TEXAS 79701
 PHONE 683-4521

RESULT OF WATER ANALYSES

TO: Mr. Phillip Smith LABORATORY NO. 900113
P.O. Box 832, Midland, Texas 79702 SAMPLE RECEIVED 9/14/00
 RESULTS REPORTED 9/20/00

COMPANY Maralo, LLC LEASE Jalmat Yates
 FIELD OR POOL _____ COUNTY Jal
 SECTION _____ BLOCK _____ SURVEY _____ COUNTY Lea STATE NM

SOURCE OF SAMPLE AND DATE TAKEN:
 NO. 1 Raw water - taken at Jalmat Yates. 9/11/00
 NO. 2 _____
 NO. 3 _____
 NO. 4 _____

REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.0020			
pH When Sampled				
pH When Received	7.23			
Bicarbonate as HCO ₃	361			
Supersaturation as CaCO ₃				
Undersaturation as CaCO ₃				
Total Hardness as CaCO ₃	244			
Calcium as Ca	53			
Magnesium as Mg	27			
Sodium and/or Potassium	163			
Sulfate as SO ₄	222			
Chloride as Cl	51			
Iron as Fe	0.30			
Barium as Ba				
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	878			
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen				
Hydrogen Sulfide	0.0			
Resistivity, ohm/m at 77° F.	9.58			
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Nitrate, as N	0.2			

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks The undersigned certifies the above to be true and correct to the best of his knowledge and belief.

By _____
 Waylan C. Martin, M.A.



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

Gov
Jennifer A. Sabberry
Cabinet Secretary

Lari Wrotenberg
Director
Oil Conservation Division

June 13, 2000

Maralo, LLC
Attn: Dorothea Logan
P.O. Box 832
Midland, Tx 79702

Re: C-141: Submitted on April 19, 2000
UL A-Sec 13-T25S-R36E
Jal Mat Battery

Dear Ms. Logan:

The New Mexico Oil Conservation Division (NMOCD) is in receipt of the C-141 referenced above that was submitted by Maralo. The NMOCD hereby requires Maralo to demonstrate that contaminants have not and will not migrate vertically so as to cause groundwater to exceed standards. If this demonstration cannot be made, Maralo will submit to the NMOCD a corrective action plan and/or a remediation plan (using the guidelines to assist you in this matter) within 15 days of receipt of this letter pursuant to Rule 116.D.

An attempt was made by an NMOCD inspector to enter the battery area to check on the spill after it occurred. The gate was locked and the inspector could not gain entrance. Please provide the NMOCD Hobbs District Office with a key to the facility. -Chris Williams District I Supervisor. *CW*

If you have any further questions, or need any assistance please do not hesitate to write or call me at (505) 393-6161 ext...113.

Sincerely,

Donna Williams

Donna Williams
Environmental Engineer Specialist
cc: Roger Anderson -- Environmental Bureau Chief
Chris Williams -- District I Supervisor

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
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 MARALO, LLC	Contact PHILLIP SMITH, OPERATIONS MANAGER
Address P. O. BOX 832, MIDLAND, TX 79702	Telephone No. (915) 684-7441
Facility Name JAL MAT BATTERY	Facility Type PRODUCTION FACILITY
Surface Owner CLAY OSBORN	Mineral Owner Lease No.

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	1050	NORTH	1100	EAST	LEA

NATURE OF RELEASE

Type of Release WATER & OIL	Volume of Release 60 BW, 1 80	Volume Recovered 30 BW
Source of Release HOLE IN HEADER	Date and Hour of Occurrence 04/17/00 APPROX NOON MST	Date and Hour of Discovery 04/17/00 12:30PM MST
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? SYLVIA DICKEY, NMOCD/HOBBS	
By Whom? WARREN HUNT	Date and Hour 04/17/00 12:30 PM MST	
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.*

CAUSE: HOLE IN HEADER
ACTION: REPLACED FITTINGS IN HEADER

Describe Area Affected and Cleanup Action Taken.*

AREA AFFECTED: RELEASE COMPLETELY CONTAINED WITHIN FIREWALL AT BATTERY.
CLEANUP ACTION: BACKDRAG LOCATION, RAKE AND CLEANUP. REPLACED CHAT IN BATTERY.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD 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, NMOCD 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>Dorothea Logan</i>	OIL CONSERVATION DIVISION	
Printed Name: DOROTHEA LOGAN	Approved by District Supervisor:	
Title: REGULATORY ANALYST	Approval Date:	Expiration Date:
Date: APRIL 19, 2000 Phone: (915) 684-7441	Conditions of Approval:	Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary

M

WATER LEVEL INFORMATION

DATE: 6-20-00

FROM: Fred MEM:mv

REQUESTED BY: Dorothea Logan

LOCATION: 25.36.13.

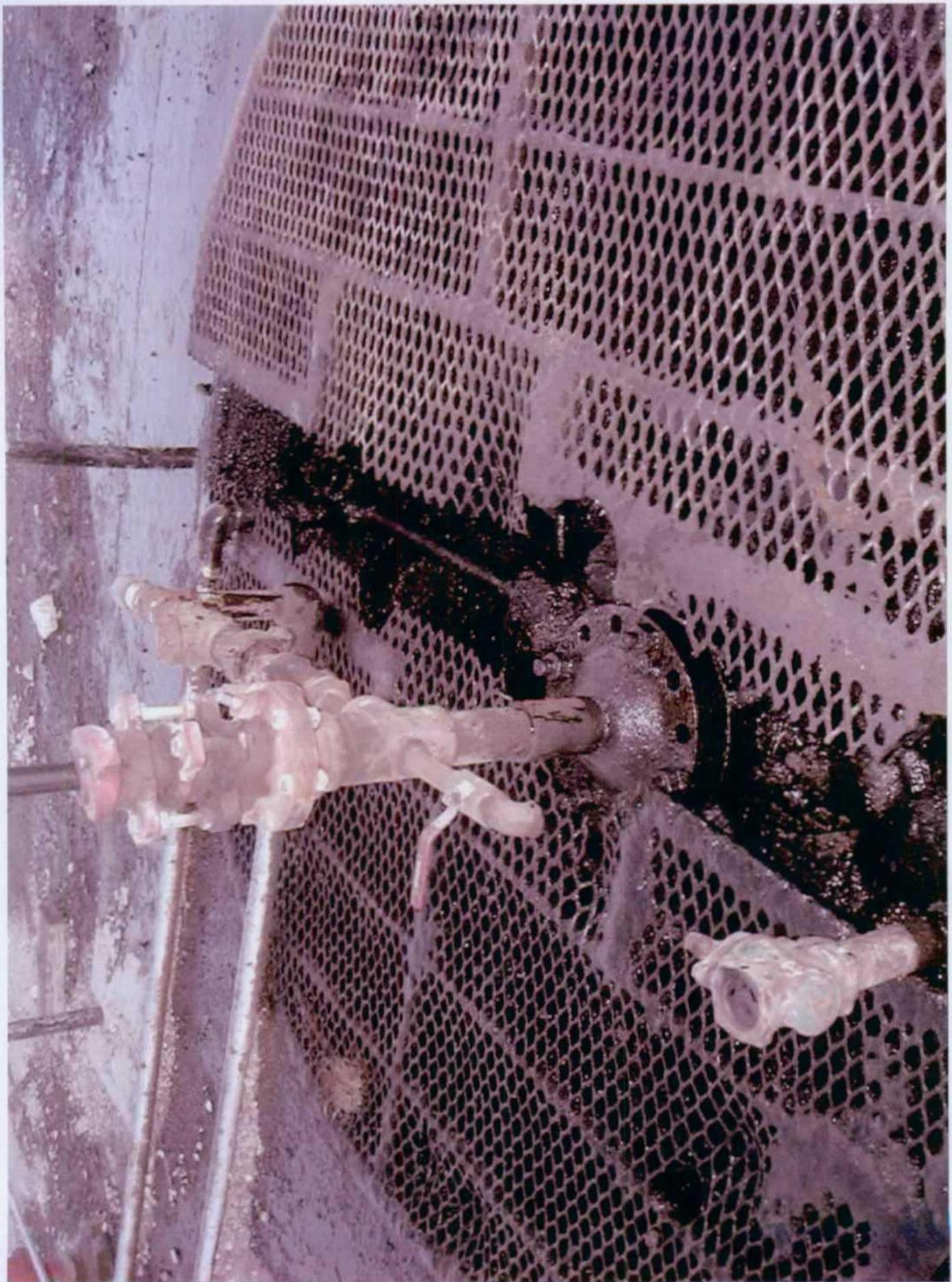
A review of the records of the State Engineers Office revealed the following water levels within the location listed above. This is the most current information that this office has on record. Some of this information maybe several years old, therefore may no longer be accurate.

<u>DATE</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION</u>	<u>SUBDIVISION</u>	<u>ELEVATION</u>	<u>WL</u>
10-23-80	25S.	36E.	13	NE1/4		350'
11-4-80	25S	36E.	13.	NE1/4		390'











457-458 <No. 2> 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD. 23
P.O. BOX 1235
JAL, NM 88252

SEALED 25 P002



457-458 < No. 1 > 00/09/27

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ONE N. COUNTRY CLUB RD.
P.O. BOX 1235
JAL, NM 88252

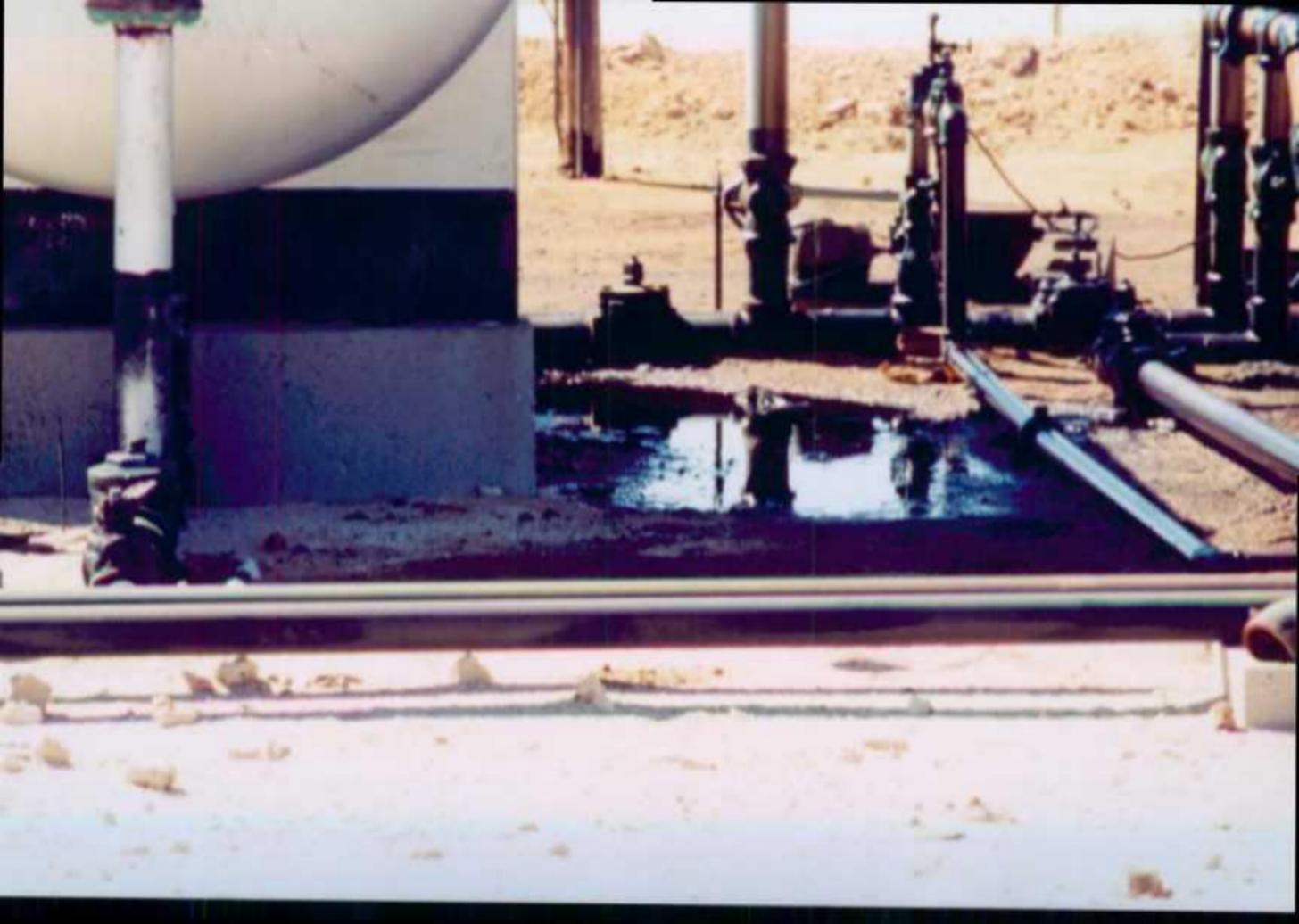
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410-521 < No. 1 > 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
P.O. BOX 1285
JAL; NM 88252

SEC. EL25 P002



410-521 <No. 25> 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
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JAL, NM 88252

DEC EL25 P002



418-521 <No. 24> 00/09/27

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JAL, NM 88252

00 EL25 P002



410-521 <No. 23> 00/09/27

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ONE N. COUNTRY CLUB RD.
P.O. BOX 1285
JAL, NM 88252

23 10 0910

SE0 EL25 P002



410-521 <No. 22> 00/09/27

CLAY AND JERI OSBOAN
ONE N. COUNTRY CLUB RD.
P.O. BOX 1285
JAL, NM 88252

SEP 25 1982



410-521 < No. 21 > 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
P.O. BOX 1285 + 23
JAL, NM 88252

SEC EL25 P002



410-521 <No. 20> 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.

P.O. BOX 1285 + 23 0110

JAL; NM 88252

500 EL25 P002



410-521 (No. 19) 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
P.O. BOX 1285
JAL, NM 88252

SEC. EL25 P002



410-521 < No. 18 > 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
P.O. BOX 1235 + 23
JAL, NM 88252

SEP EL25 P002



410-521 <No. 1 > 00/09/27

CLAY AND JERI OSBORN
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P.O. BOX 1285
JAL; NM 88252

SEP 25 1982



410-521 <No. 15> 00/09/27

CLAY AND JERI OSBORN
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410-521 <No. 15> 00/09/27

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JAL; NM 88252

SEE EL25 P002



410-521 <No. 14> 00/09/27

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410-521 <No. 13> 00/09/27

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410-521 <No. 9> 00/09/27

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See EL25 P002



410-521 <No. 8 > 00/09/27

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000 EL25 P002



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SEP 25 1982



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JAL, NM 88252

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410-521 <No. 3> 00/09/27

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JAL, NM 88252

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410-521 <No. 2> 00/09/27

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JAL, NM 88252

50 EL25 P002



486-387 <No. 25> 00/09/27

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ONE N. COUNTRY CLUB RD.
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JAL, NM 88252

SEP EL25 P002



486-387 <No. 24> 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
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JAL; NM 88252

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486-387 <No. 23> 00/09/27

CLAY AND JERI OSBORN
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JAL, NM 88252

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486-387 <No. 22> 00/09/27

CLAY AND JERI OSBORN
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JAL, NM 88252

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486-387 <No. 21 > 00/09/27

GLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
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JAL, NM 88252

SEP 25 1982



486-387 (No. 20) 00/09/27

BLAY AND JERI OSBORN
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CLAY AND JERI OSBORN
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P.O. BOX 1285
JAL, NM 88252



486-387 <No. 18> 00/09/27

BLAY AND JERI OSBORN
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SEP 25 2002



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EL25 P002



486-387 < No. 15 > 00/09/27

GLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
P.O. BOX 1285
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50 EL25 P002



486-387 <No. 14> 00/09/27

GLAY AND JERI OSBORN
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JAL, NM 88252

SEP 25 1982





486-387 <No. 12> 00/09/27

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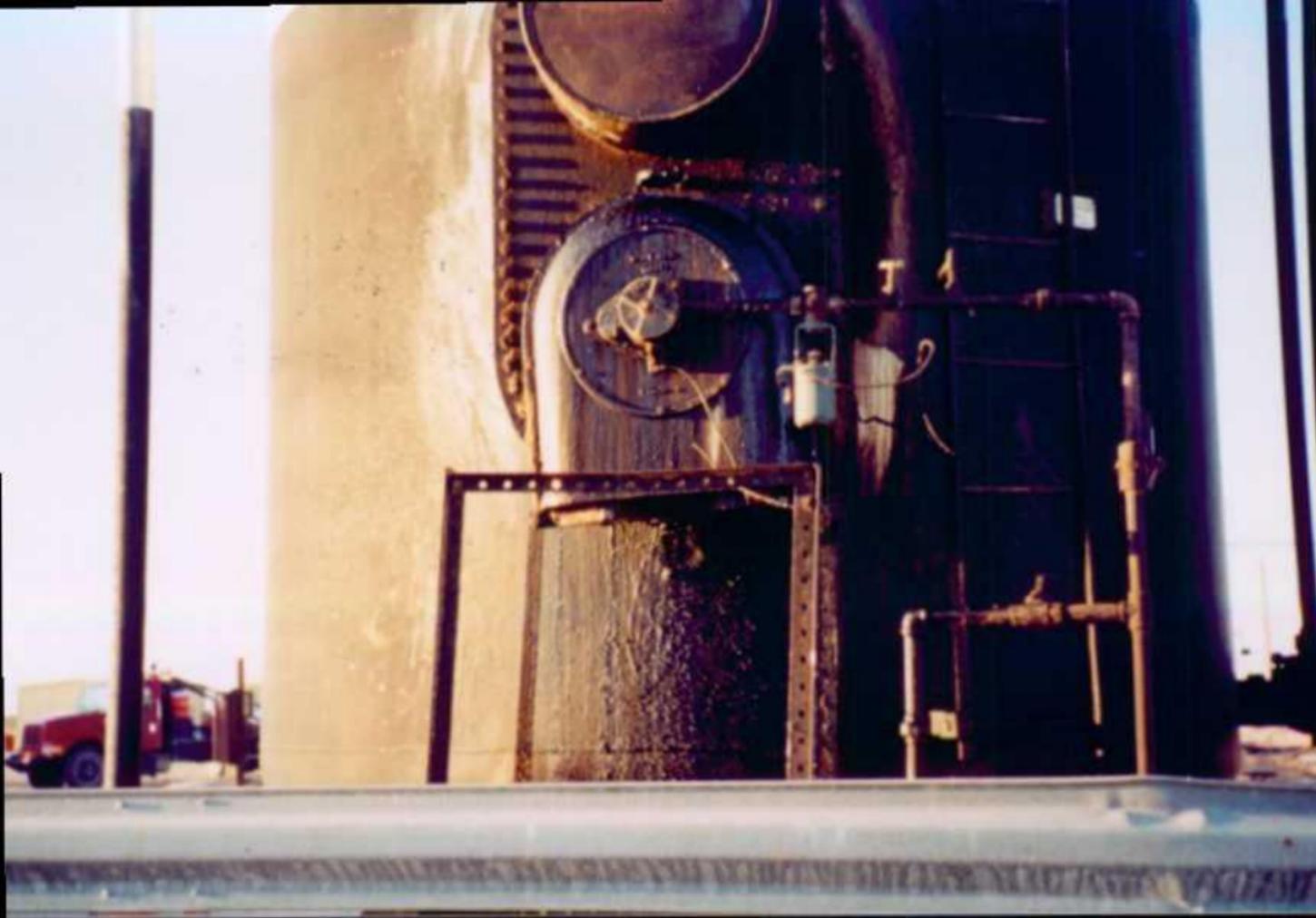
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-458 <No. 22> 00/09/27

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ONE N. COUNTRY CLUB RD.
P.O. BOX 1285
JAL, NM 88252

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EL25 P002



486-387 <No. 9> 00/09/27

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CLAY AND JERI OSBORN
NE N. COUNTRY CLUB RD.
P.O. BOX 1285
JAL, NM 88252



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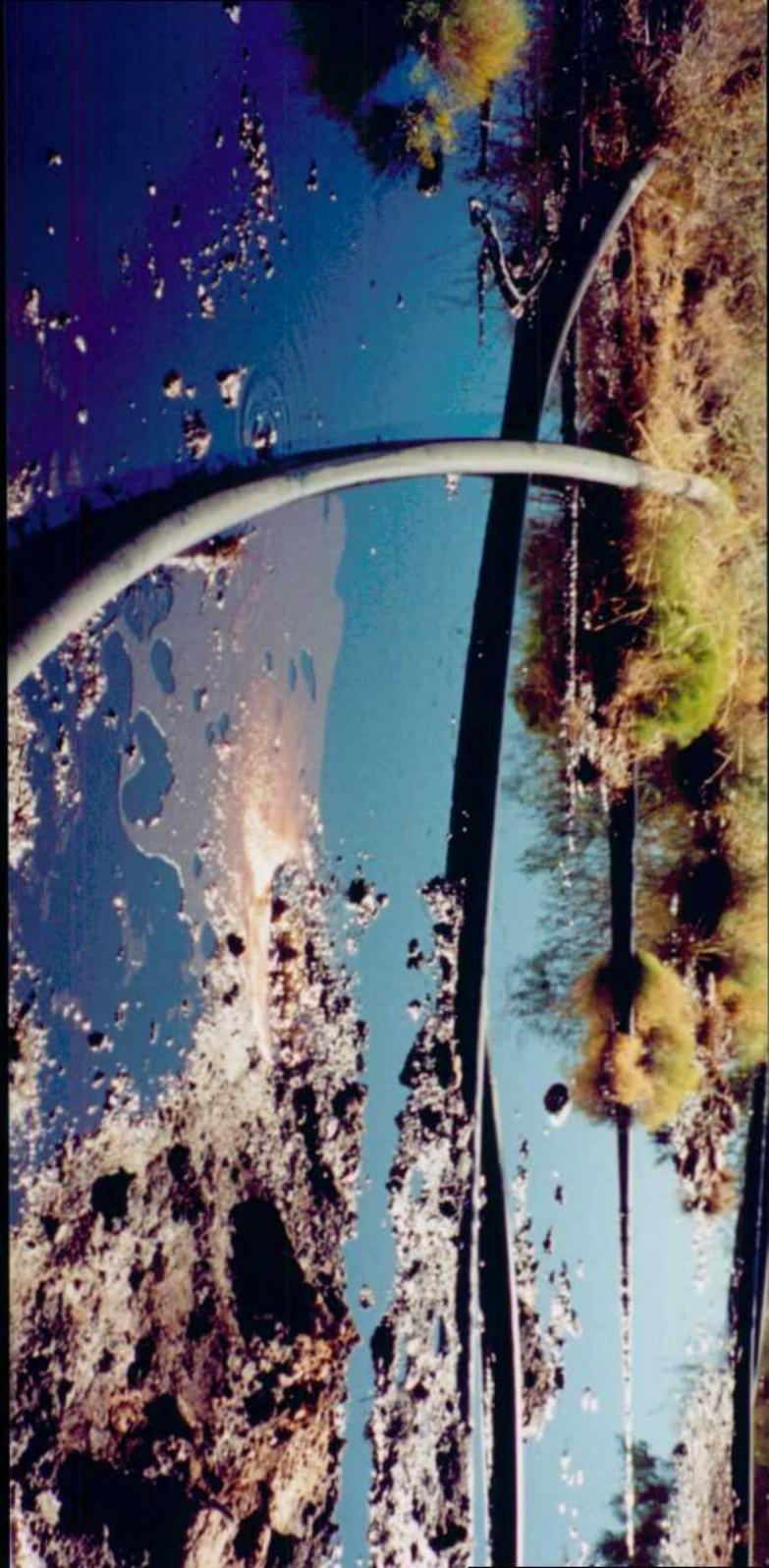


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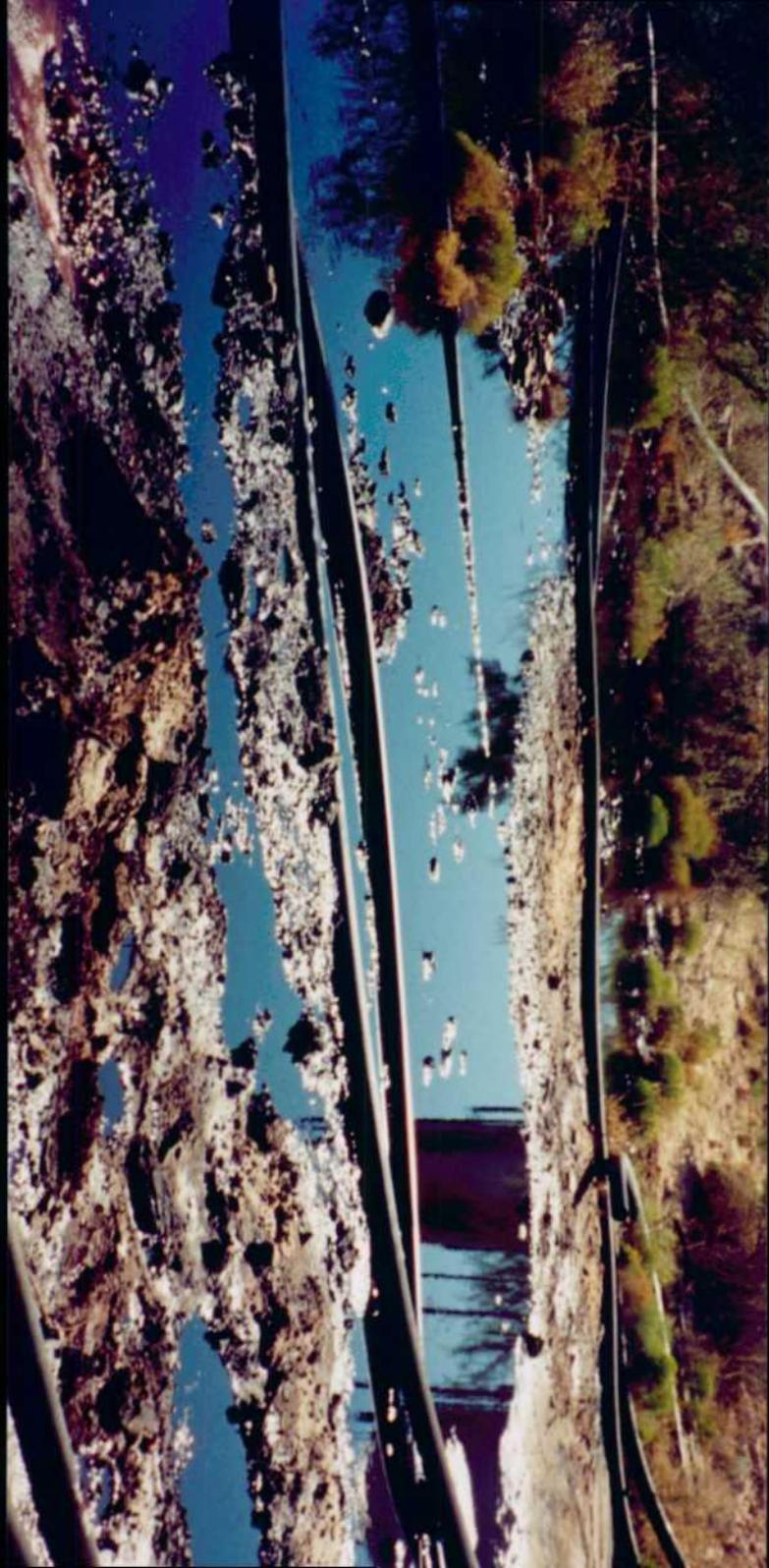


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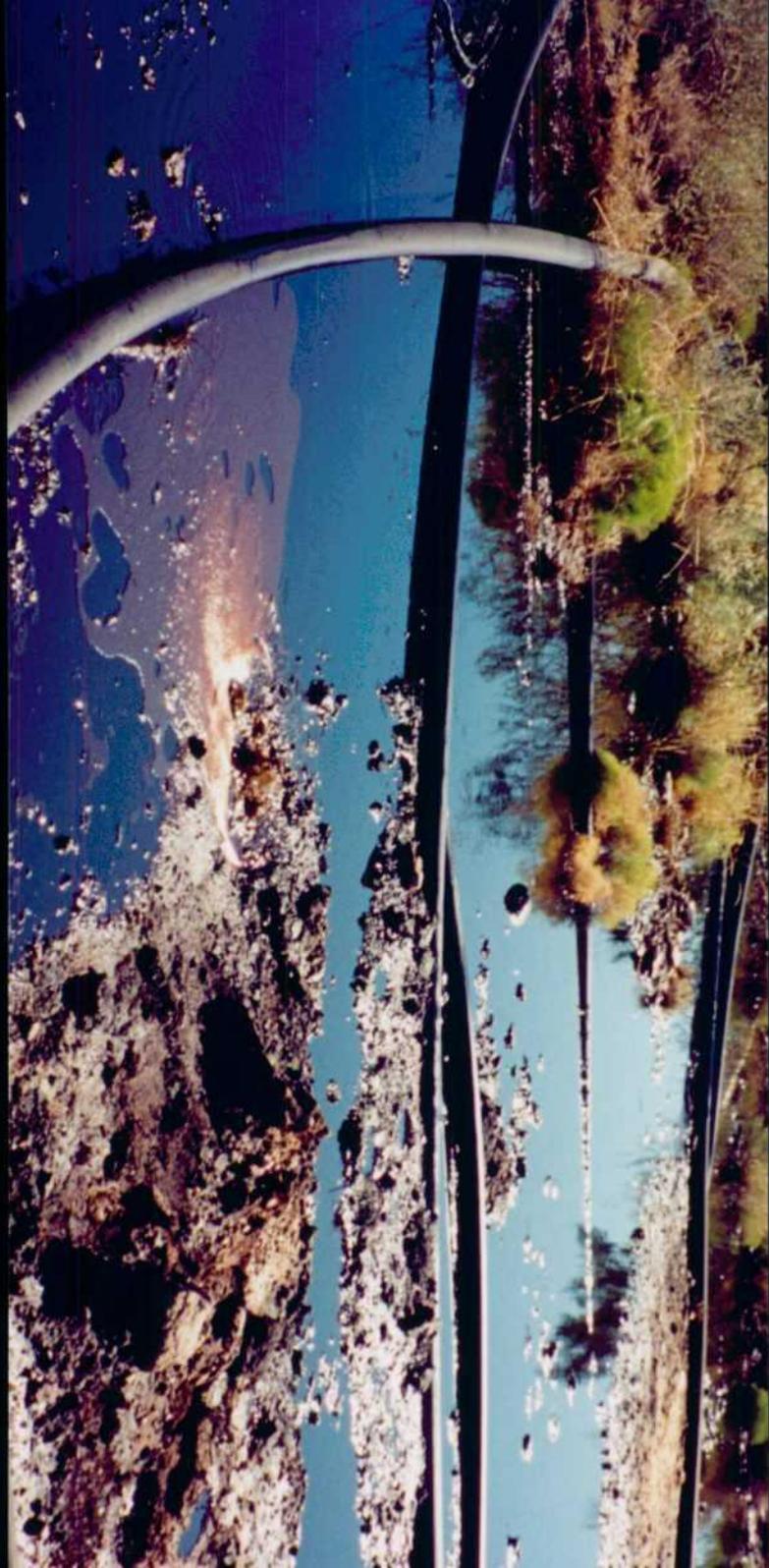
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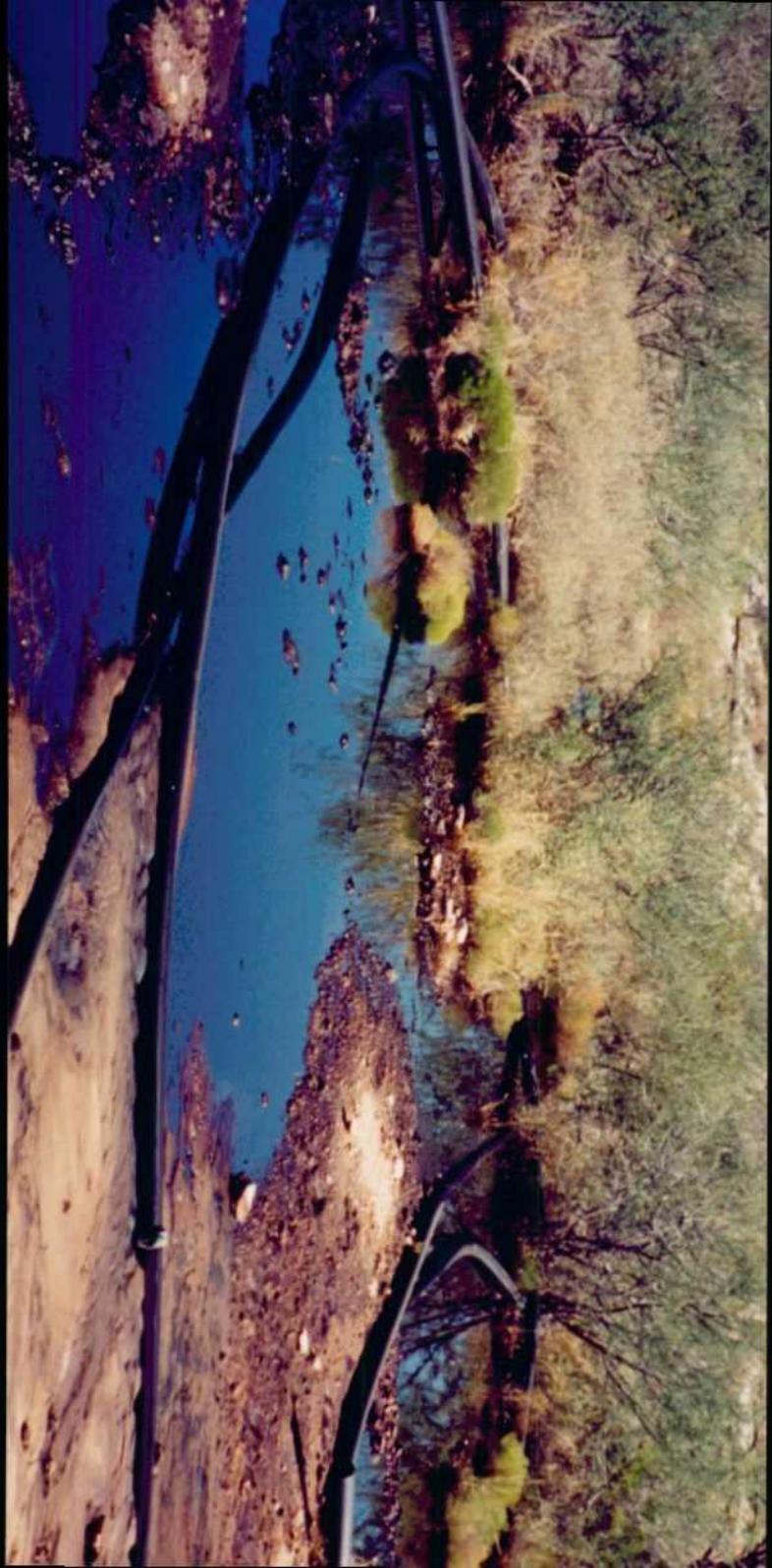


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P.O. BOX 1285
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CLAY AND JERI OSBORN
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JAL, NIM 88252



457-458 <No. 1E3> 00/09/27

EL25 P002

23 +01 N4N 0009

GLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
P.O. BOX 1285
JAL, NM 88252



457-458 <No. 14> 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
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JAL, NM 88252

23

SEP EL25 P002



457-458 <No. 9> 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD. + 23
P.O. BOX 1285
JAL, NM 88252

EL25 P002



457-458 <No. B> 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
P.O. BOX 1285
JAL, NM 88252

SEP EL25 P002



457-458 < No. 2 > 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.
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SE. EL25 P002



457-458 <No. 5 > 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD.

P.O. BOX 1285

JAL, NM 88252

SSA EL25 P002



457-458 <No. 5> 00/09/27

CLAY AND JERI OSBORN
ONE N. COUNTRY CLUB RD. + 23
P.O. BOX 1285
JAL, NM 88252

SEP 25 1982





457-458 <No. 3 > 00/09/27

CLAY /
ONE N. C.
P.
J.

CLAY AND JEHI OSBORN
ONE N. COUNTRY CLUB RD.
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JAL, NM 88252

SE0 EL25 P002