

1R - 363

**GENERAL  
CORRESPONDENCE**

**YEAR(S):**

2000



112363

**PETERSON FEDERAL**

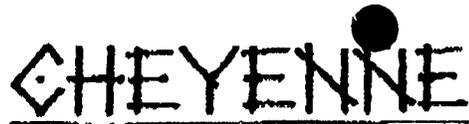
An environmental audit was conducted at the referenced site. The audit consisted of observing site conditions, recording lease information, measuring apparent damage resulting from surface staining and areas of no or stressed vegetation, taking photographs, recording GPS coordinates, and obtaining surface sample(s) of the contaminated soils for laboratory analysis. The volume of contaminated soil, quantity of the contaminant, proposed additional assessment costs, and preliminary reclamation costs were estimated based on the audit information. These estimates must be considered preliminary and can only be refined by comprehensive assessment of surface and subsurface conditions. In addition, the estimated reclamation costs include only the near surface soils and do not include any costs associated with ground water impact.

Landowner: D. K. BOYD OIL & GAS COMPANY  
 Date of Audit: February 28, 2000  
 Lease Name: PETERSON FEDERAL  
 Lease Number: Unknown  
 Lat./Long.: 32-20-15 N / 103-04-18 W  
 Type of Facility or Pipeline: TANK BATTERY  
 Facility Status: ACTIVE  
 Observed Contamination: CRUDE OIL / PRODUCED WATER  
 Free Liquids Present: NO  
 Stained Soils Present: YES Area of Stain(sq ft): 10  
 Stressed Vegetation: NO Area of Stress(sq ft): 0

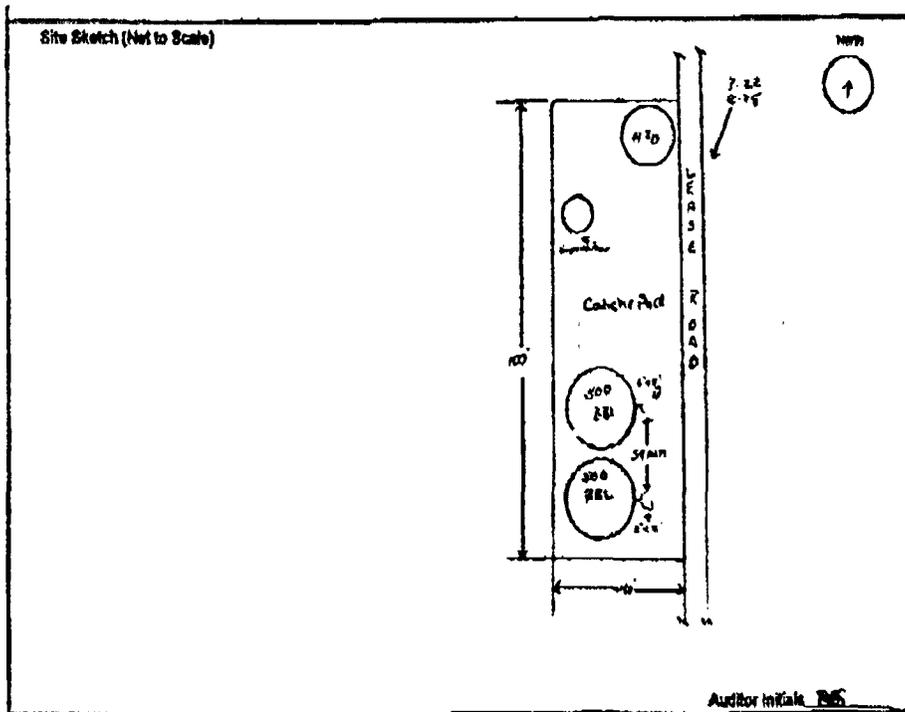
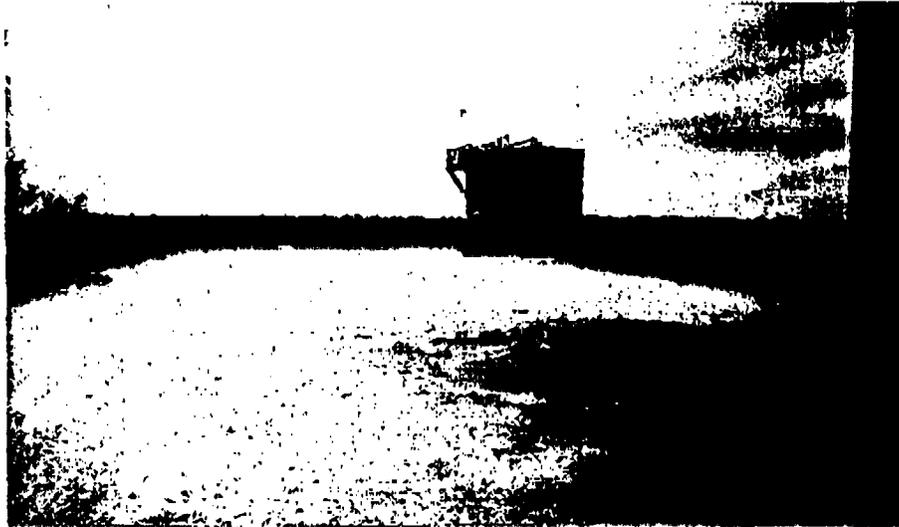
Number of Soil Samples Taken: 0  
 Avg. TPH Concentration (mg/kg):  
 Volume of Contaminated Soil (cyd):  
 Estimated Quantity of Release (bbls):  
 Estimate of Additional Assessment Costs:  
 Estimate of Surface Reclamation Costs:  
 Site Ranking:

Comments:  
 VERY CLEAN BATTERY. NOT ENOUGH STAINING TO WARRANT A SAMPLE. STAINING IS ASPHALTIC  
 NO RECENT STAINS.

Recommended Activities:  
 NO ACTIVITIES AT THIS TIME.



RELEASE SITE AUDIT REPORT  
BC&D Operating Inc.  
Site Number 02



# CHEYENNE

RELEASE THE AUDIT REPORT  
BC&D Operating Inc.  
Site Number 1

## PETERSEN FEDERAL

An environmental audit was conducted at the referenced site. The audit consisted of observing site conditions, recording lease information, measuring apparent damage resulting from surface staining and areas of no or stressed vegetation, taking photographs, recording GPS coordinates, and obtaining surface sample(s) of the contaminated soils for laboratory analysis. The volume of contaminated soil, quantity of the contaminant, proposed additional assessment costs, and preliminary reclamation costs were estimated based on the audit information. These estimates must be considered preliminary and can only be refined by comprehensive assessment of surface and subsurface conditions. In addition, the estimated reclamation costs include only the near surface soils and do not include any costs associated with ground water impact.

Landowner: D. K. BOYD OIL & GAS COMPANY  
Date of Audit: February 28, 2000  
Lease Name: PETERSEN FEDERAL  
Lease Number: UNKNOWN  
Lat./Long.: 32-20-21 N / 103-04-18 W

Type of Facility or Pipeline: WELL / PJ  
Facility Status: ACTIVE  
Observed Contamination: NONE  
Free Liquids Present: NO  
Stained Soils Present: YES  
Stressed Vegetation: NO

Area of Stain(sq ft): 60  
Area of Stress(sq ft): 0

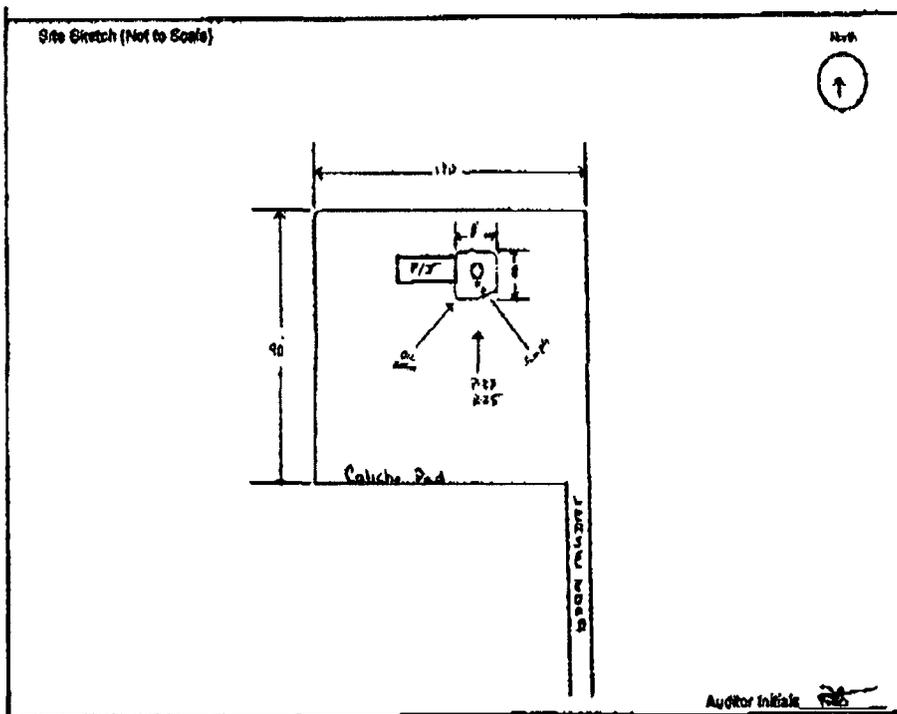
Number of Soil Samples Taken: 0  
Avg. TPH Concentration (mg/kg):  
Volume of Contaminated Soil (cyd):  
Estimated Quantity of Release (bbls):  
Estimate of Additional Assessment Costs:  
Estimate of Surface Reclamation Costs:  
Site Ranking:

Comments:  
WELL NO. 1. SMALL STAIN AROUND WELL HEAD. OLD ROTTEN TIMBERS, OLD BELT GUARD AND TRASH ON PAD.

Recommended Activities:  
COORDINATE WITH LANDOWNER TO DETERMINE IF RECLAMATION ACTIVITIES ARE REQUIRED.

# CHEYENNE

## RELEASE SITE AUDIT REPORT BC&D Operating Inc. Site Number 01



## AUDIT FORM INSTRUCTIONS

**Date:** Enter date the audit was performed.

**Date of Release:** Enter date of release or incident.

**Company Name:** Enter the Company's name that operates the location or lease.

**Lease Name:** Enter name of lease.

**RRC / OCD Number:** Enter the number assigned for the facility location or lease by the appropriate regulatory agency.

**Global Positioning Coordinates:** Enter latitude, longitude, and UTM coordinates for the site.

**Site Location:** Enter Section, Block, Survey, Township, Range, County and State.

Check the box for the appropriate description of the facility or item where the release or damage occurred, the type of material released, and the observed conditions. If "other" is checked, then provide brief description as applicable.

**Area of Stain:** Enter the area of apparent visible surface staining.

**Area of Stressed Vegetation:** Enter the area of apparent stressed or impacted vegetation.

**Number of Samples Taken:** Enter number of soil samples taken for testing by a laboratory.

**Comment:** Make note of any conditions or information present at the site not presented in the above data. This can include information regarding removal of free liquids, remedial efforts, or additional details regarding the source of the release.

**Site Sketch:** Prepare a sketch of the site to include the release point(s), the dimensions of the impacted area (both visible staining and distressed or impacted vegetation), structures or equipment at the site, locations of collected soil samples, the location and direction of which photographs were taken (put the picture number inside a circle at the location you were standing while taking the picture with an arrow indicating the direction you were looking). Indicate the direction of north inside the circle noted on the sketch. The person conducting the audit should place his/her name on the line presented at the bottom of the page.

**Please provide detailed and accurate information. Upon completion of this form, please fax a copy to:**

D. K. BOYD LAND & CATTLE CO.  
Attn: Mr. D. K. Boyd  
Fax No.: 915-683-7929

RELEASE SITE PRELIMINARY AUDIT DETAILS SUMMARY

Location: D. K. BOYD OIL & GAS COMPANY  
 Petroleum Company: BCSB OPERATING INC.

Site No.	Lease Name	Lease Number	Location	Type	Free Liquid	Soil Volume (cu ft)	TPH (mg/gal)	Est CO Released (lb/d)	Site Rank
1	PETERSEN FEDERAL	PMO-058654	WELL/PJ	None	NO	0			
2	PETERSON FEDERAL	Unknown	TANK BATTERY	CP	NO	0			
NO OF SITES:						70	0	0	
TOTALS:						70	0	0	

**D. K. BOYD LAND & CATTLE CO.**

P. O. Box 11351  
Midland, Texas 79702  
915 685-1022

July 13, 2000

BC & D Oil & Gas Corp.  
P. O. Box 1680  
Hobbs, New Mexico 88240

Attention: Donny Hill

Re: BC & D Oil & Gas Corp.  
Operated Properties  
Frying Pan Ranch  
Lea County, New Mexico

Certified Mail No. Z 150 397 298

Dear Donny:

We have hired an environmental consulting firm, Cheyenne Land Management Services, Ltd. (Cheyenne), to assist us in evaluating environmental, surface and near surface problems and concerns we have on our land as a result of oil, gas and pipeline activities. Cheyenne performed a number of environmental audits on the Frying Pan Ranch which identified two problem sites in which BC & D Oil & Gas Corp. was the operator.

Enclosed are the following Cheyenne summaries and reports:

1. Release Site Preliminary Audit Details Summary
2. Preliminary Release Site Ranking Summaries
3. Preliminary Reportable Release Sites
4. Preliminary Release Site Cost Estimate Summary
5. Preliminary Release Site Assessed Surface Damage Summary
6. Petroleum Company Preliminary Summary
7. 2 Release Site Audit Reports

Upon your review of all enclosed audits, information and data please contact us as soon as possible with any questions or comments you have. We ask that you take immediate action to assess and reclaim all the damaged and contaminated sites identified in the enclosed audits. We ask that you comply with the following procedure when assessing and reclaiming the identified audited sites as well as any past, present or future damage sites as a result of your operations on our property including but not limited to releases of oil, gas, contaminating water, other contaminants or damage of any nature to our property:

1. Notify D. K. BOYD Land & Cattle Co. (BOYD) immediately after a release or damage has occurred by telephone at 915-685-1022 or by telecopier at 915-683-7929 as to the location, amount, type of released material and surface area covered by the release or damage.



Timber Mountain Ranch



Plains Radio Petroleum Co.  
LE Ranch



Frying Pan Ranch



2. Remove all freestanding fluids or contaminating materials from the surface.
3. Have the damage site audited by a qualified person or company within 24 hours of knowledge of damage, to obtain and document:
  - a. Exact location
  - b. Detail surface survey and mapping
  - c. Description of type and amount of release or damage
  - d. Photographs of site
  - e. Written report including recommended action
4. Based on the review of an audit, it may be necessary to conduct additional response activities or site assessments. A site assessment will include, but not be limited to, extent of surface and subsurface damage or contamination, as well as recommended reclamation procedure and the approximate cost of reclamation. If determined that a site assessment is required, please have an assessment work plan prepared for review by Boyd. The assessment work plan should be provided for review within 5 working days after completion of the audit. Upon approval of the work plan by Boyd, the site activities shall commence.
5. A report of the assessment activities shall be provided to Boyd within 14 days upon completion of the assessment. The assessment report should include a discussion of the field activities, a site plan indicating the sample locations, results of the analytical testing and recommendations for reclamation activities.
6. Soil contamination shall be reclaimed by excavating the horizontal and vertical extent of damage until analytical results indicate a total petroleum hydrocarbon (TPH) concentration less than 100 PPM and a chloride concentration less than 100 PPM above background. If other contaminants are present, they shall be removed to the recommended limits set forth in the assessment report and agreed to by Boyd.
7. All contaminated soil or other materials excavated as a result of reclamation activities shall be transported to a facility approved by Boyd. All excavation shall be backfilled with clean material such as soil, caliche, etc. from a source designated by Boyd.
8. All excavated, backfilled or other damaged areas shall be reseeded with native grass seed and revegetated as close to the original state of vegetation as practical. The responsible party shall maintain the vegetation growth for a period of one year after completion of the revegetation. Following the one year period, Boyd shall evaluate the site condition and either release the responsible party or require additional site restoration activities.
9. Surface damage consideration shall be remitted to Boyd by the responsible party in the amount of \$0.15 per sq. ft. for the damaged area within 30 days of discovery of damage.

We have incurred \$917.00 costs in the auditing process to date, to properly and accurately identify and present to you the damages you have caused on our property. Upon your request we would be happy to furnish copies of the detail invoices reflecting the costs incurred. We ask that you reimburse us the \$917.00 in auditing costs within thirty days.

We ask that when performing any audit the enclosed Audit Form be used and furnished back to Boyd upon completion of audit.

We recommend the use of Cheyenne Land Management Services, Ltd. to conduct audits, assessments and reclamation services. They can be contacted as follows:

Mr. Tony Savoie  
Cheyenne Land Management Services, Ltd.  
608 Commerce Street  
Jal, New Mexico 88252  
505 395-2776 (office phone)  
505 395-3476 (fax)  
505 631-2495 (mobile phone)

We are concerned about the existing and additional contamination, pollution and groundwater impact if the above discussed environmental concerns and damage sites are not promptly assessed and reclaimed. Time is of the essence. Please contact us as soon as possible. Thank you in advance for your prompt attention to these concerns.

Very truly yours,  
D. K. BOYD Land & Cattle Co.



D. K. Boyd  
President

Encl.  
DKB/rpb  
BC & DSD1

# AUDIT FORM

Date \_\_\_\_\_ Date of Release \_\_\_\_\_

Company \_\_\_\_\_

Lease Name \_\_\_\_\_ RRC/OCD No. \_\_\_\_\_

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ UTM \_\_\_\_\_

Section \_\_\_\_\_ Township \_\_\_\_\_ Survey \_\_\_\_\_

Block \_\_\_\_\_ Range \_\_\_\_\_ County \_\_\_\_\_ State \_\_\_\_\_

Flow Line  Crude Oil  Stained Soil

Gathering Line  NG/Condensate  Free Liquids

Truck/Main  Produced Water  Stressed Vegetation

Tank Battery  Other \_\_\_\_\_ Other \_\_\_\_\_

Construction  \_\_\_\_\_

Other \_\_\_\_\_

Area of Stain \_\_\_\_\_ sq. ft. (approx.)

Area of Stressed Vegetation \_\_\_\_\_ sq. ft. (approx.)

No. of Samples Taken \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Site Sketch (Not to Scale)

North



Auditor \_\_\_\_\_

**PRELIMINARY RELEASE SITE RANKING SUMMARY**

Landowner: D. K. BOYD OIL & GAS COMPANY

Petroleum Company: BOAD OPERATING INC.

Rank: UNRANKED

Criteria:

Site No.	Lease Name	Lease Number	Location	Type	Fire (sq ft)	Strained Soil (sq ft)	Severed Vegetation (sq ft)	Soil Volume (cyl)	TPH (mg/kg)	Est. CO Release (lbs)
1	PETERSEN FEDERAL	PMI-0568568	WELL / PJ	NOVE	0	60	0			
2	PETERSEN FEDERAL	Unknown	TANK BATTERY	CP	0	10	0			
<b>TOTALS:</b>										<b>0</b>

NO. OF SITES: 2

TOTALS: 70 0

**PRELIMINARY RELEASE SITE COST ESTIMATE SUMMARY**

Licensee: **D. K. BOYD OIL & GAS COMPANY**  
 Petroleum Company: **BC&D OPERATING INC.**

Site No.	Lease Name	Lease Number	Location	Type	Free Liquid (No)	Skinned Soil (sq.ft)	Stripped Vegetation (sq.ft)	Soil Volume (cuyd)	TPH (mg/lb)	Est. CO Release (lbs)	Assessment Cost Est. (\$)	Reclamation Cost Est. (\$)	
1	PETERSEN FEDERAL	NW-066653	WELL/PJ	NORE	0	60	0	0					
2	PETERSON FEDERAL	Unknown	TANK BATTERY	CP	0	10	0	0					
<b>TOTALS:</b>													
NO. OF SITES:											2	76	0

**PRELIMINARY RELEASE SITE ASSESSED SURFACE DAMAGE SUMMARY**

Landowner: D. K. SOYD OIL & GAS COMPANY  
 Petroleum Company: BCSD OPERATING INC.

Site No.	Lease Name	Lease Number	Location	Free Liquid		Stressed Vegetation (sq.ft.)	Soil Volume (Cyd)	TPH (mg/ft <sup>3</sup> )	Est. CO Release (lb/yr)	Assessed Surface Damage (\$)
				Type	Volume					
1	PETERSEN FEDERAL	888-0568558	WELL TPJ	NONE	0	0				
2	PETERSON FEDERAL	Unknown	TANK BATTERY	CUP	10	0				
TOTALS:										
NO. OF SITES: <b>2</b>										

**PETROLEUM COMPANY PRELIMINARY SUMMARY****LANDOWNER: D. K. BOYD OIL & GAS COMPANY****PETROLEUM COMPANY: BC&D Operating Inc.**

<b>Number of Sites:</b>	2 sites
<b>Total Area of Stained Soil:</b>	70 sq. ft.
<b>Total Area of Stressed Vegetation:</b>	sq. ft.
<b>Total Volume of Contaminated Soil:</b>	cyd
<b>Estimated Volume of Release:</b>	bbls
<b>Preliminary Estimate of Assessment Costs:</b>	
<b>Preliminary Estimate of Remediation Costs:</b>	
<b>Estimate of Surface Damage Costs:</b>	
<b>Number of Reportable Sites &gt;5 bbls:</b>	0
<b>Number of Sites with Release &gt;25 bbls:</b>	0

June 22, 2000