1R-472

REPORTS

DATE:

2006

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

May 30, 2006

Mr. Jeffrey P. Dann, P.G.
Plains Marketing, L.P.
P.O. Box 4648
Houston, TX 77210-4648

RE: General Remediation Work Plan
Clay Osborn Rocky Top Ranch Sites
Jal, Lea County, New Mexico
Sections 7, 12, and 13 of Township 25 South, Range 36 East and
Section 7 and 18 of Township 25 South, 37 East

Dear Mr. Dann:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed the above work plan submitted by Plains Marketing, L.P. (Plains). This work plan is hereby approved, in principle, with the following understandings and conditions:

1. Under Section 4.0 of the work plan, entitled "Proposed TPH and BTEX Remedial Goals", 2,000 mg/Kg of total petroleum hydrocarbons (TPH) in soils used as backfill over impermeable barriers is not acceptable. Plains will remediate soils used as backfill to 1,000 mg/Kg TPH.
2. Under Section 7.0 of the work plan, entitled "Centralized Soil Treatment Facility", 2,000 mg/Kg of TPH is, again, not acceptable. Plains will remediate these soils to 1,000 mg/Kg of TPH before they may be used as backfill at the Osborn remediation sites.
3. Each of the sites on the Osborn Rocky Top Ranch that are to be addressed under this general remediation work plan will be reported, individually, to the NMOCD Santa Fe office so that site-specific conditions may be considered in the eventual approval of the remediation plan for that particular site. Each will require individual closure requests as work is completed.
4. Section 5.1 Surface Restoration Sites (Scenario 1): this approach is approved in principle.
5. Section 5.2 Total Excavation (Scenario 2): this approach is agreed to in principle with the condition that excavation at these sites will be not less than 10 feet, or until site remediation standards are met, and that the sidewalls of the resulting excavation will meet the benzene and total BTEX standards set forth in Section 4.0 of the work plan (10 mg/Kg and 50 mg/Kg, respectively).
6. Section 5.3 Limited Excavation and Risk-Based Closure (Scenario 3): this approach is approved in principle with the condition that excavation at these sites will be not less than 10 feet, and that the sidewalls of the resulting excavation will meet the benzene and total BTEX standards set forth in Section 4.0 of the work plan (10 mg/Kg and 50 mg/Kg, respectively).

7. The general work plan includes only those sites shown on the attachment to the work plan:

Site Name	NMOCD File *	Legal Description	GPS Coordinates
Jalmat #1	1R-0412	Section 7, T 25N, R37E	Lat: 32.1403 N Long: 103.2106 W
Jalmat #2	1R-0466	Section 7, T25N, R37E	Lat: 32.1408 N Long: 103.2106 W
Jalmat #3	1R-0467	Section 7, T25N, R37E	Lat: 32.1378 N Long: 103.2106 W
Jalmat #22A	1R-0411	Section 7, T25N, R37E	Lat: 32.1328 N Long: 103.2106 W
Jalmat J#22B	1R-0468	Section 18, T25N, R37E	Lat: 32.1319 N Long: 103.2106 W
Shell North 6" (East of Road)	1R-0083	Section 12, T25N, R36E	Lat: 32.1428 N Long: 103.2161 W
TM-245-2	1R-0469	Section 18, T25N, R37E	Lat: 32.1314 N Long: 103.2105 W
DT-27	1R-0470	Section 7, T25N, R37E	Lat: 32.1402 N Long: 103.2104 W
SH 0193-2	1R-0471	Section 12, T25N, R36E	Lat: 32.1418 N Long: 103.2125 W
SH 0184-1	1R-0472	Section 18, T25N, R37E	Lat: 32.1313 N Long: 103.1983 W

**Any correspondence concerning these individual sites must contain the above NMOCD file number. Please advise if the above sites are designated with names other than those shown above.*

8. If Plains wishes to add any sites to this general work plan, formal notice to NMOCD Santa Fe of such intent is required. All such additions must be located on the Clay Osborn Rocky Top Ranch to be considered for inclusion in this general work plan.
9. Plains will provide a site list showing the quarter/quarter or unit letter associated with each site.

NMOCD approval does not relieve Plains of responsibility should its operations at these sites prove to have been harmful to public health or the environment. Nor does it relieve Plains of its responsibility to comply with the rules and regulations of any other governmental agency.

If you have any questions, contact me at (505) 476-3492, or (505) 476-3470, or ed.martin@state.nm.us

NEW MEXICO OIL CONSERVATION DIVISION

Ed Martin

Edwin E. Martin
Environmental Bureau

Copy: Ms. Camille Reynolds
NMOCD, Hobbs

Martin, Ed, EMNRD

From: Martin, Ed, EMNRD
Sent: Thursday, May 18, 2006 7:22 AM
To: 'Camille J Reynolds'; Johnson, Larry, EMNRD; Sheeley, Paul, EMNRD; 'pat.caperton@state.nm.us'
Cc: Price, Wayne, EMNRD; jpdann@paalp.com
Subject: RE: Notification of delineation activities

All of the listed sites will be managed under the Plains "General Remediation Work Plan" which will be handled out of the Santa Fe NMOCD office. This work plan is still under review. The delineation activities set forth below are approved, however subsequent work at the sites will have to wait until the general work plan is approved.

Ed Martin
New Mexico Oil Conservation Division
Environmental Bureau
1220 S. St. Francis
Santa Fe, NM 87505
Phone: 505-476-3492
Fax: 505-476-3462
email: ed.martin@state.nm.us

-----Original Message-----
From: Camille J Reynolds [mailto:cjreynolds@paalp.com]
Sent: Wednesday, May 17, 2006 1:37 PM
To: Martin, Ed, EMNRD; Johnson, Larry, EMNRD; Sheeley, Paul, EMNRD; 'pat.caperton@state.nm.us'
Subject: Notification of delineation activities

Ed, Larry, Paul and Pat;

Plains will be conducting soil boring delineation activities at the Clay Osborn-Rocky Top Ranch sites listed below beginning on May 22, 2006.

* Jalmat #22B Section 18, T25S, R37E Driving directions-From Hwy. 128 in Jal go 1.2 miles north on Country Club Road to caliche road on left. Turn left on caliche road and go 0.8 mile west then south on oil field road for 0.6 mile.
* TM-245-2 Section 18, T25S, R37E Driving directions-From Hwy. 128 in Jal go 1.2 miles north on Country Club Road to caliche road on left. Turn left on caliche road and go 0.8 mile west then south on oil field road for 0.6 mile.
* Jalmat #1 Section 7, T25S, R37E Driving directions- From Hwy. 128 in Jal go 1.2 miles north on Country Club Road to caliche road on left. Turn left on caliche road and go west for 1 mile then south on oilfield road for 0.1 mile.
* DT-27 Section 7, T25S, R37E Driving directions- From Hwy. 128 in Jal go 1.2 miles north on Country Club Road to caliche road on left. Turn left on caliche road and go west for 1 mile then south on oilfield road for 0.1 mile.
* SH 0193-2 Section 12, T25S, R36E Driving directions- From Hwy. 128 in Jal go 1.2 miles north on Country Club Road to caliche road on left. Turn left on caliche road go west for 1.3 miles.
* SH 0184-1 Section 18, T25S, R37E Driving directions- From Hwy. 128 in Jal go 0.75 miles north on Country Club road to West Oche Road. Turn left on West Oche Road and go 0.3 miles.

Should you have any questions or concerns please contact me at 505-441-0965.

Thank you,

Camille Reynolds
Remediation Coordinator
Plains All American

office: 505/396-3341
fax: 505/396-2754
cellular: 505/441-0965

PLAINS
PIPELINE, L.P.

April 27, 2006

Mr. Ed Martin
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Plains Pipeline, L.P.
General Remediation Work Plan
Clay Osborn - Rocky Top Ranch
Jal, Lea County, New Mexico

Dear Mr. Martin:

Plains Pipeline, L.P. (Plains) is pleased to submit the attached General Remediation Work Plan for the remediation of pipeline-related crude oil release sites located on the Osborn's Rocky Top Ranch in Jal, Lea County, New Mexico. The purpose of the General Remediation Work Plan is to obtain approval from the New Mexico Oil Conservation Division (NMOCD) for the overall concept of the General Remediation Work Plan so that development and approval of the site-specific Work Plans in the future can be expedited.

The attached General Remediation Work Plan includes six known or previously investigated sites and four newly identified and uninvestigated sites. As we previously discussed, while there are other known sites on the property, after further investigation and discussions with the landowner, we do not think these sites are associated with the pipelines and the landowner does not expect the General Remediation Work Plan to address the other sites. Also attached is the Agreement of Settlement and Release which is to be filed in the Lea County property records.

Should you have any questions or comments, please contact me at (713) 646-4657 or Doug Kennedy at (713) 646-4610.

Sincerely,

Jeffrey P. Dann, P.G.
Sr. Environmental Specialist
Plains All American

Douglas S. Kennedy
Manager, Remediation and Special Projects
Plains All American

Attachment: General Remdiation Work Plan
Agreement of Settlement and Release

File: n/jeff-files/Osborn-RockyTopRanch/General WP-CoverLtr.doc

GENERAL REMEDIATION WORK PLAN

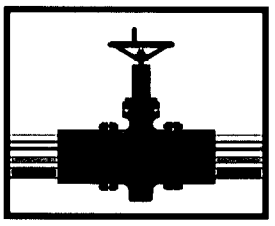
Clay Osborn
Rocky Top Ranch Sites
Jal, Lea County, New Mexico
Sections 7, 12 and 13, T25S R36E
Sections 7 and 18, T25S R37E

April 2006

Prepared For:

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Prepared By:



PLAINS
PIPELINE, L.P.

Plains Pipeline, L.P.
333 Clay Street, Suite 1600
Houston, Texas 77002

DISTRIBUTION LIST

Ed Martin – Environmental Engineer
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
emartin@state.nm.us

Camille Reynolds - Remediation Coordinator
Plains Pipeline, L.P.
P. O. Box 3319
Midland, TX 79702
cjreynolds@paalp.com

Jeff Dann – Senior Environmental Specialist
Plains Pipeline, L.P.
333 Clay Street, Suite 1600
Houston, TX 77002
jpdann@paalp.com

TABLE OF CONTENTS

1.0 BACKGROUND

Plains Pipeline, L.P. (Plains) is the owner/operator of several pipelines present on the Clay Osborn Rocky Top Ranch property located in Jal, New Mexico. These pipeline assets were acquired by Eott Energy (later renamed Link Energy) from Shell and from Texas-New Mexico Pipe Line Company (TNMPLC) between 1993 and 1999. Plains acquired the Link Energy assets on April 1, 2004.

The Rocky Top Ranch is located in southern Lea County, New Mexico approximately ¾-mile northwest of Jal and made up of the SE¼ of Section 7, the S½ of Section 12 and the entire Section 13 of Township 25 South (T25S) and Range 36 East (R36E) and the S½ of Section 7 and the entire Section 18 of T25S and R37E.

This General Work Plan is provided for NMOCD review and approval. A list of the ten (10) sites that are the subject of this General Work Plan is included in Table 1 in Attachment A. A Site Location Map is included as Figure 1 in Attachment B. Please note that a site-specific work plan will be prepared for each site and will include a summary of the investigation data, categorization of the site based on site-specific characteristics, and a detailed summary of the proposed remedial activities.

2.0 PLAN OBJECTIVES

Plains proposes to remediate crude oil impacted sites at the Rocky Top Ranch, consistent with the remediation/abatement goals and objectives set forth in the New Mexico Oil Conservation Division (NMOCD) "*NMOCD Guidelines for Remediation of Leaks, Spills and Releases, August 13, 1993.*" In addition, when applicable, appropriate risk-based thresholds for the contaminants of concern (CoCs) will be proposed based on the relative risk posed by the CoC residuals to local groundwater, area water wells, surface water bodies and impacts on surface reclamation success.

Plains has prepared the following general work plan for typical or standardized soil remediation objectives that will: 1) limit the amount of surface impact to the areas surrounding each of the remediation sites; 2) be effective on all the sites so that remediation at each site can be conducted in a similar manner; 3) be in accordance with New Mexico Oil Conservation Division (NMOCD) general soil remediation guidelines and accepted practices for the area; and 4) use risk-based remediation principles when and where practical. Information gathered during the subsurface site investigations conducted in these impacted areas in 2001 revealed three (3) potential remediation scenarios: 1) sites where the surface areas have restored themselves naturally, the surface expression of the release is difficult to identity, and the impacts are limited to the surface and/or shallow soils; 2) sites where impacts are limited in depth and total excavation and treatment of the impacted soil is practical; and, 3) sites where soil impacts are deeper and partial excavation of the impacted soil with risk-based closure is warranted. The investigation data also indicates that soil impacts are generally deeper at the source of pipeline leak and shallower along the

flowpath. Prior to initiating any remedial activities at these sites, several of the sites will require soil delineation and evaluation of potential groundwater impacts. Each remediation scenario is described further in Section 5.0 below.

3.0 INVESTIGATION AND DELINEATION OF NEW SITES

There are four (4) previously, uninvestigated historical sites that are potentially subject to remediation. Plains will conduct a site investigation at each location to delineate the vertical and horizontal extent of soil impacts and assess the potential impact to groundwater. In the event one or more of the six (6) previously identified sites requires additional delineation prior to or during the soil remediation phase of work, Plains will conduct these activities. The site-specific Work Plan for each site will contain details of the proposed investigation activities such as location, number and depth of soil borings as well as a sampling and analysis plan.

4.0 PROPOSED TPH AND BTEX REMEDIAL GOALS

Based on the results of the previous investigation activities, the site-specific remedial goals in soil are 10 mg/Kg for benzene, 50 mg/Kg for BTEX and 100 mg/Kg for TPH. However, for those sites where risk-based closure will be proposed, Plains will install an impermeable liner at a depth of 10 to 15 feet bgs to isolate the deeper soil impacts and the treated soils, and the site-specific remedial goals of 10 mg/Kg benzene, 50 mg/Kg BTEX, and 100 mg/Kg TPH will only apply to the sidewalls (lateral extent) of the excavation. For soils excavated, treated, and utilized as backfill over a liner, the site-specific remedial goals will be 10 mg/Kg benzene, 50 mg/Kg BTEX, and 2,000 mg/Kg TPH.

NO
1,000 ppm

5.0 REMEDIATION STRATEGIES

5.1 SURFACE RESTORATION SITES (SCENARIO 1)

For at least one of the known sites, the investigation data indicates the surface area has restored itself naturally, the surface expression of the release is difficult to identity, the impacts are limited to the surface and/or shallow soils, and there is no threat to groundwater. Listed below are the typical steps involved for a site in this category.

- Scrape the surface asphaltines where apparent and remove;
- Blend the underlying 1 to 2 feet of soil with native soil and contour;
- Do not disturb areas that have already re-vegetated.

5.2 TOTAL EXCAVATION (SCENARIO 2)

At several of the sites, investigation data indicates that soil impacts are limited in vertical extent (i.e. 10 to 15 feet in depth) and total excavation of the impacted soil is practical. Listed below are the typical steps involved for a site in this category.

- Excavation of impacted soil to below site guidelines.
- Collect and analyze soil samples from the walls and floor of the excavation to confirm that the remediation has met the site guidelines.
- Relocation of excavated soil to the centralized soil treatment area for blending and aeration.
- Collect and analyze treated soil to confirm that the soil treatment activities have met the site guidelines.
- Prepare a risk-based closure proposal for submittal and approval by the NMOCD.
- Install an impermeable liner in the bottom of the excavation to isolate the excavated/treated soils from the underlying non-impacted soils to prevent vertical migration of petroleum hydrocarbons and allow these soils to further attenuate over time (see liner detail below).
- Backfill the excavation with treated soil and restore the area to as close as possible to pre-spill conditions.

5.3 LIMITED EXCAVATION AND RISK-BASED CLOSURE (SCENARIO 3)

At several of the sites, investigation data indicates that soil impacts in the source area extend to between 10 feet and 45 feet below ground surface and excavation of all of the impacted soil to below NMOCD guidelines is not practical for these sites. Several of these sites also have an impacted "flowpath" area where the depth of the soil impacts are generally less than 10 feet in depth and excavation of the flowpath area is practical. Listed below are the typical steps involved for a site in this category.

- Excavation of impacted soil to approximately 10 feet below ground surface where investigation data indicates deeper soil impacts remain.
- If portions of the impacted area (flowpath for example) appear to be shallow, then excavate the impacted soil from shallow impacted areas to below NMOCD guidelines.
- Collect and analyze soil samples from the walls and floor of the excavation to confirm that the horizontal extent of the soil remediation effort has met the site guidelines.
- Relocation of excavated soil to the centralized soil treatment area for blending and aeration.
- Collect and analyze treated soil to confirm that the soil treatment activities have met the site guidelines.
- Prepare a risk-based closure proposal for submittal and approval by the NMOCD.
- Install an impermeable liner in the bottom of the excavation to isolate the impacted soil and prevent vertical migration of petroleum hydrocarbons (see liner details below).
- Backfill the excavation with treated soil and restore the area to as close as possible to pre-spill conditions.

5.4 LINER DETAILS

Soils impacted above site standards will be isolated from the near surface environment with the installation of an oversized 20 mil polyethylene liner that is impermeable and impervious to water and petroleum hydrocarbon. Establishment of the 3-foot wide clean area buffer around the contaminated soil in the floor of the excavation will be determined using a calibrated photoionization detector (PID) and confirmed by laboratory analysis of grab samples collected around the perimeter of the excavation. The liner shall be cushioned above and below with a 3 to 4-inch layer of sand or a geotextile to protect it from puncture and tearing during the backfilling process. After the liner has been properly installed, the excavation will be backfilled with soil remediated to acceptable levels in the soil treatment area, contoured to the natural grade and seeded with a seed mix acceptable to the landowner.

6.0 SAMPLING AND LABORATORY ANALYSIS

The Work Plan soil sampling program will consist in general of the collection of an appropriate number of confirmation soil samples from the walls and floor of the excavations and from the treated soil stockpiles. Each site-specific Work Plan will include details as to the number and location of confirmation soil samples. Soil samples will be analyzed for TPH gasoline range organics (GRO) and TPH diesel range organics (DRO) utilizing EPA Method SW-846 #8015 and benzene, toluene, ethylbenzene and xylene (BTEX) using EPA Method SW-846 #8021b.

The soil samples collected will be placed in laboratory prepared glassware, sealed with custody tape and placed on ice in a cooler which was secured with a custody seal. The samples and completed chain-of-custody forms will be relinquished to the selected laboratory for analysis.

7.0 CENTRALIZED SOIL TREATMENT FACILITY

Plains proposes to utilize the soil landfarm area currently located adjacent to the Jalmat #22A site as a centralized soil treatment and processing area. Prior to transporting the excavated soil to this area, the existing soil in the landfarm will be pushed up into stockpiles with a bulldozer to be later utilized as blending material during the soil treatment process. Soil excavated from each of the remediation sites will be loaded and transported to this centralized soil treatment facility where the soil will be blended, screened, and/or aerated to reduce contaminant concentrations to Work Plan limits (10 mg/Kg benzene, 50 mg/Kg BTEX, and 2,000 mg/Kg TPH). Treated soils will be segregated into approximate 500 cubic yard stockpiles.

To verify that the soil treatment process has met the Work Plan objectives, a composite soil sample will be collected and analyzed from each 500 cubic yard stockpile. Soil samples will be analyzed for TPH gasoline range organics (GRO) and diesel range organics (DRO) utilizing EPA Method SW-846 #8015 and benzene, toluene, ethylbenzene and xylene (BTEX) using EPA Method SW-846 #8021b. If laboratory results indicate the stockpile sample is below the site-specific remediation goals, the stockpiled soil will be flagged as ready to be utilized for backfill over a liner. In the event the

stockpile analytical results indicate TPH and/or BTEX results above the site-specific remediation goals, then the stockpile will be reprocessed and the sampling/verification procedure will be repeated.

8.0 BACKFILL AND SITE RESTORATION

Upon verification that the excavation activities have met the goals of the Work Plan, each site will be backfilled with treated soil that has also met the objective of the Work Plan for reuse as backfill. The backfill will be placed and compacted in lifts and the surface will be contoured to match the surrounding area. The site will be reseeded with a native grasses.

9.0 NOTIFICATIONS

At least 48-hours prior to collecting laboratory samples, Plains will notify the Hobbs, New Mexico office of the NMOCD of the intent to collect laboratory samples.

10.0 REPORTING

Remediation and monitoring activities and analytical information will be summarized in a closure report for each individual release site and submitted to the NMOCD requesting "no further action" be required at that particular site.

11.0 SITE RESTORATION

After the sites have been backfilled, the landfarm area and remediated release site will be reseeded. Follow-up inspections will be made at least quarterly to verify acceptable revegetation of the landfarmed area and the other areas disturbed during remediation of the sites.

TABLES

Plains Pipeline, L.P. Clay Osborn – Rocky Top Ranch Sites Jal, Lea County, New Mexico		
Site Name	**Legal Description**	**GPS Coordinates**
Jalmat #1	Section 7, T25N, R37E	Lat : 32.1403 N Long : 103.2106 W
Jalmat #2	Section 7, T25N, R37E	Lat : 32.1408 N Long : 103.2106 W
Jalmat #3	Section 7, T25N, R37E	Lat : 32.1378 N Long : 103.2106 W
Jalmat #22A	Section 18, T25N, R37E	Lat : 32.~~1328~~ N 1328 Long : 103.2106 W
Jalmat #22B	Section 18, T25N, R37E	Lat : 32.1319 N Long : 103.2106 W
Shell North 6" (East of Road)	Section 12, T25N, R36E	Lat : 32.1428 N Long : 103.2161 W
TM –245-2	Section 18, T25N, R37E	Lat : 32.1314 N Long : 103.2105 W
DT-27	Section 7, T25N, R37E	Lat : 32.1402 N Long : 103.2104W
SH 0193-2	Section 12, T25N, R36E	Lat : 32.1418 N Long : 103.2125 W
SH 0184-1	Section 18, T25N, R37E	Lat : 32.1313 N Long : 103.1983 W

IR-412

IR-411

IR-83

FIGURES

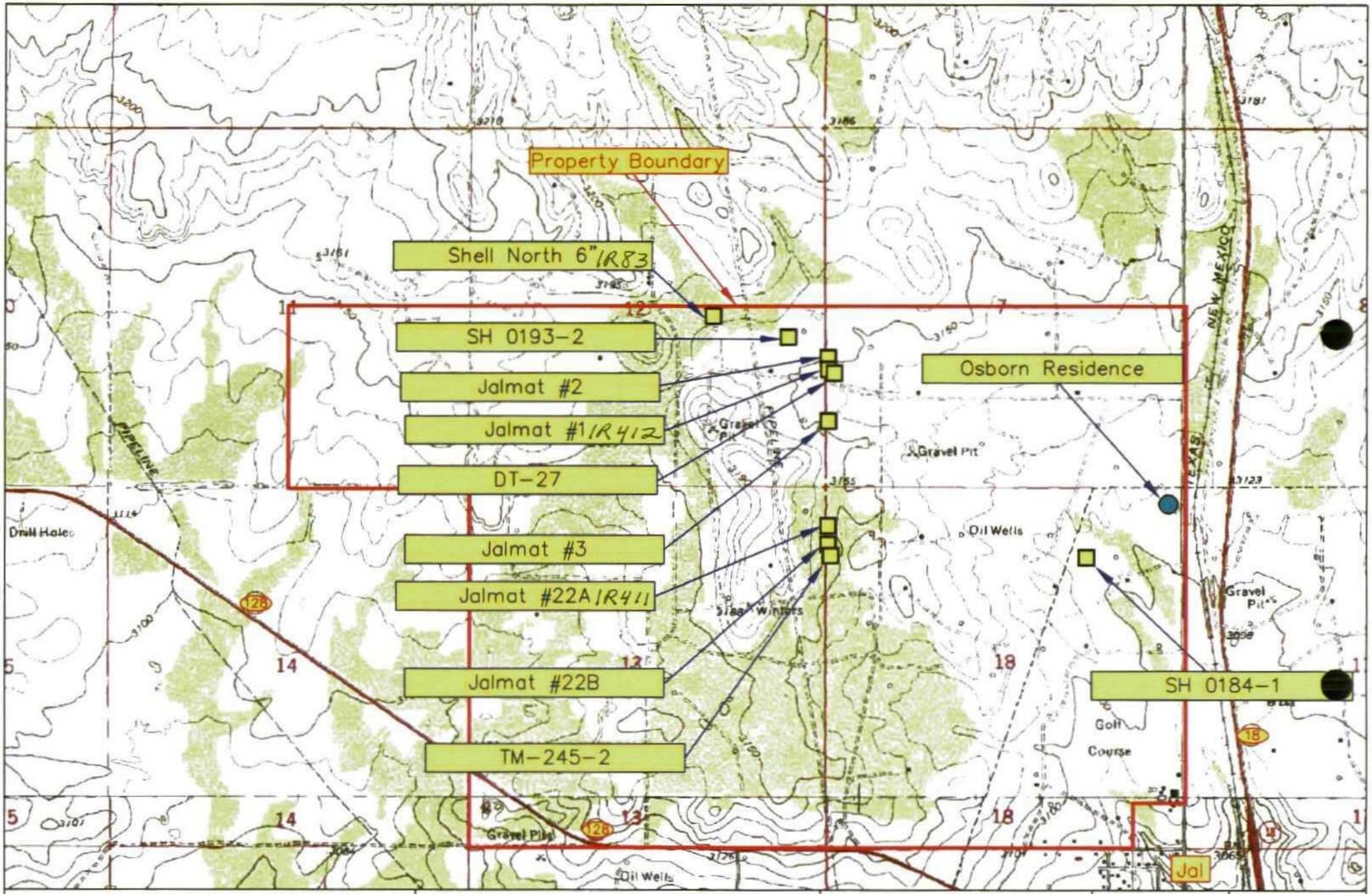


Figure 1
Area Map
Plains Pipeline, L.P.
Clay Osborn Rocky Top Ranch

Lea County, New Mexico
SE¼ Sec. 11, S½ Sec. 12, & 13 T25S R36E
S½ Sec. 7 and Sec. 18, T25S R37E
Elevation: ~3,100 feet amsl

DWG By: Daniel Dominguez
January 2006

REVISED:

0 2000 4000
Feet

SHEET
1 of 1

N

AGREEMENT OF SETTLEMENT AND RELEASE

THIS AGREEMENT OF SETTLEMENT AND RELEASE (the "Agreement'), made and entered into as of the ____ day of _____, 2006, by WILBUR C. OSBORN and GERALDINE B. OSBORN, for the benefit of TEXAS-NEW MEXICO PIPELINE COMPANY INC., SHELL PIPELINE COMPANY LP, TEXACO PIPELINE INC., SHELL PIPE LINE LLC (DE) TEXACO TRADING AND TRANSPORTATION INC., EQUILON ENTERPRISES LLC d/b/a SHELL OIL PRODUCTS US, EQUILON PIPELINE COMPANY LLC n/k/a SHELL PIPELINE COMPANY LP, SHELL OIL COMPANY, PLAINS PIPELINE, L.P. and all other "Released Entities" as further defined below:

RECITALS

(A) Landowners are the owners of the "Property" (further defined in Exhibit 1 hereto) or have the legal right and authority, through binding legal agreements, to control or act on behalf of any other interest holders of the Property, including the right to settle and release any and all claims with respect to the Property.

(B) The term "Released Entities" shall mean and include TEXAS-NEW MEXICO PIPELINE COMPANY INC. INC., SHELL PIPELINE COMPANY LP, TEXACO PIPELINE INC., SHELL PIPE LINE LLC (DE) TEXACO TRADING AND TRANSPORTATION INC., EQUILON ENTERPRISES LLC d/b/a SHELL OIL PRODUCTS US, EQUILON PIPELINE COMPANY LLC n/k/a SHELL PIPELINE COMPANY LP, SHELL OIL COMPANY, PLAINS PIPELINE, L.P., and all their respective successors, assignees, representatives, officers, directors, employees, agents, principals, parents, subsidiaries, affiliates, partners, members,

predecessors, insurers, including American International Specialty Lines Insurance Company, servants, and attorneys, including Miller Stratvert P.A., Thompson & Knight, LLP and Locke, Lidell & Sapp. This release shall be fully binding and a complete settlement between the Plaintiffs and Released Entities, their respective executors, administrators, personal representatives, heirs, successors, assignees, representatives, agents and all parties represented by or claiming through such Parties.

(C) The term "Landowners" shall mean and include WILBUR C. OSBORN and GERALDINE B. OSBORN, including any future owner of any interest in the Property claiming under the present interest holders in the Property, and the respective executors, administrators, personal representatives, heirs, devisees, successors and assigns of each and any of said persons, and any and all persons for whom said persons own and/or control any property interest, including lessors of surface rights in the Property.

(D) The Landowners desire to enter into this Agreement with respect to the Property.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS THAT, for and in consideration of Ten Dollars and no/100 ($10.00) and other good and valuable consideration, WILBUR C. OSBORN and GERALDINE B. OSBORN, individually, and as representatives of all Landowners as hereinabove defined, do hereby release and agree as follows:

LANDOWNERS ON BEHALF OF THEMSELVES OR ANY OTHER ENTITIES HEREBY COMPLETELY RELEASE AND FOREVER DISCHARGE THE RELEASED ENTITIES (AS DEFINED ABOVE) to the full extent permitted by law from any and all claims, liabilities, demands, obligations, actions, causes of action or complaints of whatever nature which were brought, or which could have been brought by the Landowners, whether known or

unknown, arising from, or which are the subject of, WILBUR C. OSBORN and GERALDINE B. OSBORN v. TEXAS-NEW MEXICO PIPELINE COMPANY, INC.; TEXACO PIPELINE INC., SHELL PIPELINE COMPANY, L.P.; SHELL PIPELINE GP LLC; SHELL PIPELINE CORPORATION/SHELL PIPELINE LLC (DE), NO. CIV-04-1-34 LCS/KBM, UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW MEXICO, or arising from or relating to the Property including but not limited to future movement or migration of any contamination which is on or under the Property (as hereinafter defined); provided however that Plaintiffs do not release Plains Pipeline, L.P. ("Plains") from damages which might arise as a result of their future operations on the Property after the date of this Agreement. The Osborns acknowledge that this release covers all damages related to the remediation of the sites listed in Exhibit B by Plains and any other areas associated with the remediation so long as Plains complies with the separate Access Agreement to be entered into between Wilbur C. Osborn and Geraldine B. Osborn and Plains. This release does not cover damages resulting from a breach of the Access Agreement.

1. Landowners' release and discharge against the Released Entities is intended to be as broad a release of claims against the predecessors, successors, parents, subsidiaries and affiliates of the Release Entities and all of the officers, directors, employees and agents of such companies, as is permitted by law. All Released Entities shall have standing to enforce the release terms of this Agreement, and Landowners to the Property stipulate that the other Released Entities are intended beneficiaries of this Agreement.

2. To the full extent permitted by law, the terms and provisions of this Agreement are and shall be covenants running with the land binding upon the undersigned and any and every other current or future person or legal entity within the definition of the term

Landowners to the end that all who hereafter deal with the Property will have notice of and be subject to this Agreement.

IN WITNESS WHEREOF, this Agreement is executed as of the day and year first above written.

WILBUR C. OSBORN and
GERALDINE B. OSBORN

By: _____
WILBUR C. OSBORN

By: _____
GERALDINE B. OSBORN

SUBSCRIBED and SWORN TO before me on this the ____ day of _____, 2006, by WILBUR C. OSBORN.

_____
NOTARY PUBLIC, State of _____
Notary's Printed Name: _____

My commission expires:

_____

SUBSCRIBED and SWORN TO before me on this the ____ day of _____, 2006, by GERALDINE B. OSBORN.

_____
NOTARY PUBLIC, State of _____
Notary's Printed Name: _____

My commission expires:

_____

P:\6000-6999\6768\33991\Settlement Documents\FINAL EXHIBIT A Settlement Agmt & Rel 042506.doc

Exhibit 1

LEGAL DESCRIPTION

(DEEDED)

Section 1, Township 25, Range 36, 160.0 Acres being the Southwest quarter.

Section 11, Township 25, Range 36, 160 Acres Being the Southeast quarter.

Section 12, Township 25, Range 36, 320 Acres being the South half.

Section 13, Township 25, Range 36, being the entire section.

Section 7, Township 25, Range 37, 317.32 Acres being Lots 3-4, and the East half of the Southwest quarter, and the Southeast quarter of said section 7.

Section 18, Township 25, Range 37, 155.76 acres being Lots 1, 2, 3, 4. 203.40 acres Located in the East half of the West half, and the West half of the East half. Tract beginning 1321.2 feet West of the Northeast corner section, thence West approximately 2638.8 feet, South approximately 5280 feet, East approximately 718 feet, North 19 deg. 46 min. East approximately 5613.9 to the point of beginning.

Section 18, Township 25, Range 37 1.0 Acres located in the Northeast quarter. Beginning South 89 deg. 57 min. West 50 feet, and North 0 deg. 3 min. West 1165 feet from the Southeast corner of the Northeast quarter of section 18, thence South 89 deg. 57 min. West 210 feet, North 0 deg. 3 min. West 197.8 feet, North 84

OS002221

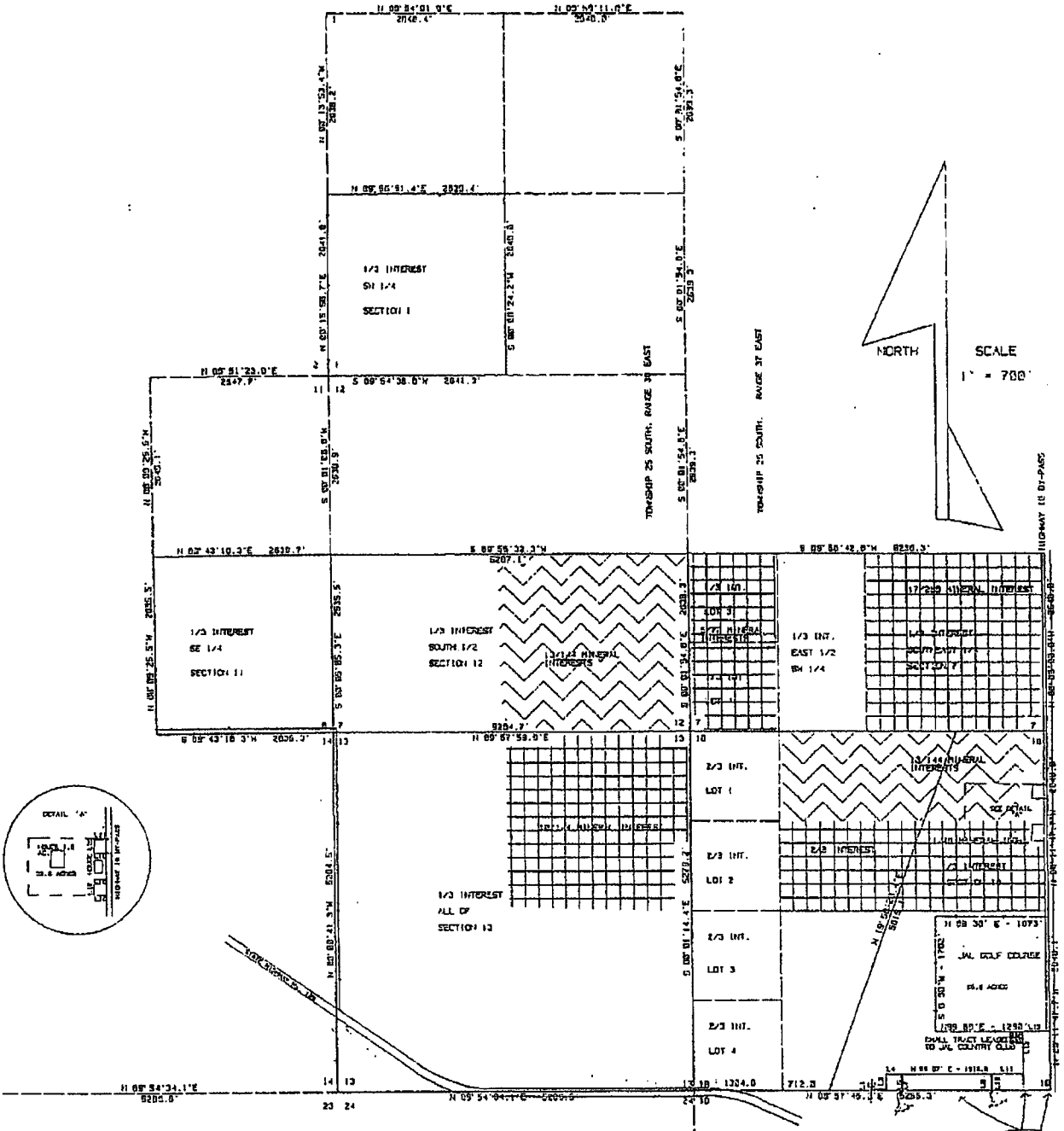
OK

deg. 27 min. East 211 feet, South 0 deg. 3 min. East 218 feet to the point of beginning.

Section 18, Township 25, Range 37, 255.99 acres located in the East half. Tract beginning at the Northeast corner of section 18, thence South 89 deg. 52 min. West 1321.2 feet to the intersect of the Jal corporate boundary, thence South 19 deg. 46 min. West along Jal corp. Boundary line 5610.7 feet more or less to the South line of section 18, East along said line 602 feet, more or less, to the South quarter corner of section 18, North 20 feet, East 230 feet, North 210 feet, East 210 feet, South 210 feet, East 20 feet, North 210 feet, East 1310 feet, South 198 feet, more or less, East 10 feet, North 198 feet, East 440 feet, North 400.6 feet, East 20 feet, North 222 feet, East 400 feet to the East Line of Section 18, North along the East line of Section 18, to a point 1165 feet North of the East quarter corner of Section 18, South 89 deg. 57 min. West 260 feet, North 0 deg. 3 min. West 179.8 feet, North 84 deg. 27 min. East 211 feet, South 0 deg. 3 min. East 218 feet, North 89 deg. 57 min. East 50 feet to the East line of Section 18, thence North along said line 419 feet, West 210 feet, North 210 feet, East 210 feet, to the East line of Section 18, North along said East line to the Northeast corner of section 18, and the point of beginning.

OS002282

OK



PLAT OF SW 1/4 SECTION 1, THE SE 1/4 OF SECTION 11, AND THE SOUTH 1/2 OF SECTION 12, ALL OF SECTION 13, T-25-S, R-36-E, N.M.P.M., AND SOUTH 1/2 OF SECTION 7, AND ALL OF SECTION 18 EXCEPT AS SHOWN ON THE PLAT, T-25-S, R-37-E, N.M.P.M., LEA COUNTY, NEW MEXICO.

I, TRUMAN GASKIN, DO HEREBY CERTIFY THAT THIS PLAT REPRESENTS A SURVEY MADE ON THE GROUND, UNDER MY SUPERVISION ON THE DAY OF THE 12 th MONTH OF 1982, AND IS TO THE BEST OF MY KNOWLEDGE TRUE AND CORRECT.

TRUMAN GASKIN, REGISTERED PUBLIC SURVEYOR
NEW MEXICO No. 2126

LINE	BEARING	DISTANCE
L1	EAST	410.0
L2	N 89° 52' W	210.00
L3	N 00° 01' E	197.0
L4	N 04° 27' E	311.0
L5	WEST	210.00
L6	NORTH	210.0
L7	EAST	210.0

EXHIBIT B

1) Jalmat #1

2) TM 0245-2

3) Jalmat #22B

4) Jalmat #22A

5) Jalmat 2

6) DT-27

7) Jalmat #3

8) East half Shell 6" (east of road)

9) SH 0193-2

10) SH 0184-1