



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Director

Oil Conservation Division

Forest Oil Corporation
1600 Broadway Suite 2200
Denver Co 80202

January 10, 2005

Reference: Barclay Federal 16 1-23s-31e API: 30-015-33653

Operator,

During drilling operations of the above referenced well, a water flow was encountered which led to the South side of the Drilling/Reserve pit being washed out. Pit construction is such that the South wall of the pit is the North wall of an existing "caliche pit". When the drilling pit was breached, the release was into this "caliche pit". The site has been inspected by the Carlsbad BLM and District 2 OCD reps. Both agencies are in agreement that due to the nature of the construction and the type of soil used in the construction of the drilling pit and the proximity of the "caliche pit", the South wall will not have the integrity required to close this pit in place.

At this time we are requesting that the liner and contents of the drilling pit be removed and hauled to an approved disposal facility. We are also requesting that the materials released into the "caliche pit" be removed and hauled to an approved disposal facility. Upon removal of released materials, we are requesting samples be obtained and analysis performed to insure no contaminants will remain in release area.

Please notify the Carlsbad BLM office and the District 2 OCD office 24 hrs prior to any work being performed or samples obtained. If I can be of assistance in this matter, my contact information is listed below.

Thank you,

Mike Bratcher
Compliance Officer, NMOCD District 2
1301 W Grand Ave
Artesia, NM 88210

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C/c: Paul Evans, BLM