



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Oil Conservation Division

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January 24, 2006

REMEDIATION WORK PLAN APPROVAL - LEU 2

The New Mexico Oil Conservation Division District 2 Office is in receipt of your remediation work plan dated January 6, 2006 which provides an outline for work to remediate the release at the LEU No. 2 (30-015-26811).

Your proposed method of remediation (excavation and hauling contaminated materials) is approved for this remediation under the following conditions:

- Surface owner of adjacent farmed land must be notified by BK Exploration, contractors or sub-contractors before any excavation or remedial activities occur that will disturb crops growing in these adjacent fields or alter tilled rows where crops are intended to be grown. All reasonable efforts, including legal requirements for entering onto private property, should be made to address any concerns of the surface land owner prior to beginning remediation work that will impact farmed soils.
- All soils removed from the location must be documented as to volume, contaminants in the soils and disposition of the soils (OCD approved landfarm, centralized site, etc.)
- All materials used to backfill the excavation must be contamination free. Any materials used as backfill that come from a remediation facility or site (OCD approved landfarm, localized landfarm or centralized landfarm) must have analysis conducted and OCD approval prior to using such previously contaminated materials.
- If soil action levels cannot practicably be attained (Method 2 in work plan), a detailed evaluation of risk may be performed and provided in writing to OCD for approval showing that the remaining contaminants will not pose a threat to present or foreseeable beneficial use of fresh water, public health and the environment.
- If alternate methods of remediation are to be used, prior approval from the OCD District 2 Office is required before beginning any work using these alternate methods. A specific proposal outlining the alternate methods must be submitted in writing.
- If ground water is encountered during the excavation or remediation of the impacted soils, a sample should be obtained to assess the potential impact on ground water quality and the OCD District 2 Office should be notified immediately.
- Notify OCD District 2 Office 24 hours prior to conducting work by BK Exploration, contractors or sub-contractors that is intended to excavate, wash, move or disturb (such as in tilling, blading, etc.) soils or contaminated materials for the purpose of remediation, or hauling any soils or contaminated materials into or out of the location covered under this remediation work plan. This notification is to ensure NMOCDD personnel are able to monitor compliance with approved remediation work plans as required by the New Mexico Administrative Code. Therefore, if a reasonable schedule of work cannot be provided then a separate

notification that work is to resume is required if work ceases at the location for more than 5 days.

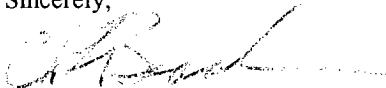
- Notify OCD District 2 Office 24 hours prior to obtaining samples where analysis of samples will be submitted to OCD. ALL final delineation sample results must be submitted to the OCD whether or not the OCD actually witnesses those samples being taken.
- Upon termination of any required remedial actions, the area of a leak, spill or release may be closed, **after obtaining approval for the closure from the OCD District 2 office**, by backfilling any excavated areas, contouring to provide drainage, revegetating the area or other OCD approved methods. Upon completion of remedial activities a final report summarizing all actions taken to mitigate environmental damage related to the leak, spill or release will be provided to OCD for approval.
- For all Federal Lease wells, a "Like Approval" by the United States Bureau of Land Management may be required. It is the operators responsibility to obtain this approval and the approval of any other surface owner that may be required by law, regulation or contractual obligation of the operator and surface owner.

Acceptance of the remediation work plan 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 reports and work plans does not relieve the operator of responsibility for compliance with any other federal, state or local laws and/or regulations.

NMOCD District 2 Contact Person: Chris Beadle, Office: (505) 748-1283 x107 / Cell: (505) 626-0831 / Fax: (505) 748-9720 / E-mail: Chris.Beadle@state.nm.us

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



Artesia OCD District Office