



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Director

Oil Conservation Division

KC Resources
C/O Mike Mitchell
PO Box 563
Monohans TX 79756

March 6, 2006

Reference: Jones D 001 Tank Battery H-13-18s-26e API: 30-015-00192

Mr. Mitchell,

This correspondence is to outline verbal agreements made during our meeting at the above referenced site on 2/21/2006. This site was identified by an OCD inspection as having contamination present in the tank battery area. As per our agreement, the fiberglass water tank is to be removed and contaminated materials excavated.

Confirmation samples are to be obtained and tested at an approved lab prior to backfilling excavations to insure site meets clean up requirements.

The following stipulations apply for this project:

- Notify the OCD District 2 Office 24 hours prior to commencement of activities.
- Site is to be ranked per OCD Guidelines. Recommended Remediation Action Levels will be determined based on site ranking score.
- Clean up activities are to commence no later than March 15, 2006. Site is to be ready for confirmation sampling no later than March 31, 2006.
- A Final Report C-141 must be filed for final closure of incident.

Please be advised that NMOCD acceptance and/or approval of documents or work plans 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 and/or approval of documents or work plans does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I can be of assistance in this matter, my contact information is listed below.

Sincerely,

Mike Bratcher
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