



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

June 19, 2006

Mr. Bob Tidwell
Momentum Operating Co. Inc.
P. O. Box 578
Albany, Texas 76430

Re: Kenwood No. 2; Inspection # iMLB0615144693
Response dated June 9, 2006

Dear Mr. Tidwell:

Thank you for your June 9, 2006 letter responding to the Oil Conservation Division's ("OCD") Letter of Violation.

In response to your questions, it is the OCD's responsibility to see that all environmental issues under its authority are addressed. Please understand that the OCD is not alleging any wrongdoing on the part of Momentum Operating Co., Inc. ("Momentum") for the dumping, provided that the situation is cleaned up in accordance with OCD rules.

When the OCD did its inspection of the site on May 31, 2006, no evidence was found to ascertain who was responsible for the dumping. Momentum is the operator of record. The operator of record has the ultimate responsibility and liability for all activity on their leases/sites, including environmental remediation, if it is required. However, if the entity that did the illegal activity were known and the OCD had authority over them, it would request them, as well as Momentum, to clean up the site.

Therefore you, as the operator, must clean up the site. If you learn who actually did the illegal dumping, please notify the OCD Artesia Office. Momentum will also have the option of pursuing recovery for its cleanup costs as against that entity that did the dumping..

Again, the OCD is not alleging that Momentum Operating is guilty of illegal dumping. If you learn any information as to who did the dumping on your lease, or information on any other dumping, please advise this office. Provided we have regulatory authority over that entity, we will take enforcement action against it. Your cooperation, suggestions, and information in this matter would help us to prevent this from happening to you or anyone else in the future.

Please contact me at (505) 748-1283 extension 109 should you have any questions.

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API 30-015-10133

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Sincerely,

A handwritten signature in black ink, appearing to be 'VB' or similar initials, written in a cursive style.

Van Barton
OCD Artesia Office Field Supervisor

cc: Daniel Sanchez, OCD Enforcement Manager
Well file