



PHOENIX ENVIRONMENTAL LLC

P.O. Box 1856

2113 French Dr.

Hobbs, NM 88241-1856

Office 505-391-9685

Fax 505-391-9687

September 27, 2011

Tandem Energy Corp.
P.O. Box 1559
Midland, Texas 79702-1559

Attn: Mr. Rumaldo Hinojosa
Production Superintendent

**RE: Work Plan and Cost for the Remediation of the Welch St. # 4 Spill
Located in Eddy County of New Mexico**

Dear Mr. Hinojosa:

Phoenix Environmental, LLC (Phoenix) would like to take this time to thank you and Tandem Energy, Corp. for the opportunity to provide our professional services. Please find attached our work plan for the above listed site.

If you have any questions and/or need more data in regards to projects please call at any time. My cell phone is 575-631-8314.

Sincerely,

Allen Hodge, REM
VP Operations
Phoenix Environmental LLC



Summary/Overview

The Welch St # 4 site should be remediated in accordance with the standards of the New Mexico Oil Conservation Division (NMOCD) guidelines. It is our understanding that any potential contamination from the site was a result of activities associated with the production of oil and gas.

The potential contaminants of concern are mid to high-level concentrations of hydrocarbons that was lost from a whole in the bottom of the storage tank and was absorbed by the surrounding near-surface soils in the pasture to the west.

The NMOCD regulates the remediation and disposal of non-domestic wastes resulting from the Oil and Gas industry. In addition, the NMOCD administers all Water Quality Act regulations pertaining to surface and ground water except sewage for the oil and gas industry. This authority includes the disposition of non-domestic, non-hazardous wastes at Oil and Gas facilities.

The Welch St # 4 site is located in UL - A Sec. 21, T18S, and R28E in Eddy County New Mexico. The site had a GPS reading of 32° 44' 16.2" N and 104° 10' 23.6" W. The lands primary use is domestic pasture for ranching and the production of oil and gas.

The ground water depth data available for this section from the state engineer's office showed the depth to ground water to be in the 225' range BGS.

Pursuant to the standards of the NMOCD guidelines for clean up of facility abandonment, the clean up level for this site will be at <5,000ppm of TPH and <50ppm for BTEX. The NMOCD has also asked that the chlorides be less than 250ppm for cleanup.

The following scope of work and cost that has been requested for the listed site was based on our site visit with Mr. Rumaldo Hinojosa with Tandem Energy Corp.



Scope of work

1. First Phoenix will call New Mexico One-Call for line spot clearance before any excavation is started at the site.
2. Phoenix will mobilize to the site located west of Loco Hills, NM equipment and personnel necessary to start and complete the site remediation as required, getting the site back into regulatory compliance.
3. First the site will be cleared of brush and debris and a staging area set up for site control and safety.
4. Impacted soils at the site will then be excavated, loaded, transported and disposed of at an NMOCD approved and permitted facility that can take waste from the Oil and Gas Industry. (CRI Permit # NM-01-0006)
5. Phoenix will field screen the site during the excavation and once the TPH and CL has dropped below clean up requirements final samples will be taken and sent to a third party lab for analysis.
6. Phoenix will also build berms around the tank battery for secondary containment to contain any future spills.
7. Once all of the remediation criteria have been met for site closure and regulatory compliance, the site will be backfilled with clean material. The site will be contoured with a slight crown to prevent the ponding of any water and reseeded with native grasses.
8. Once all of the closure criteria have been met, a final closure report will be prepared by Phoenix. This report will include a summary of remediation operations, findings on-site and lab analysis, site maps and project photos.

Sincerely,


Allen Hodge, REM
VP Operations
Phoenix Environmental LLC

