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April 21, 2010

Mr. Mike Bratcher
NMOCD District 2
1301 West Grand Avenue
Artesia, NM 88210

Re: Soil Assessment and Remediation Work Plan for the BTA Oil Producers LLC. Pardue -B-8808 JV-P #5 Flow Line Release 2RP-363.

Dear Mr. Mike Bratcher,

BTA Oil Producers (BTA) has contracted Talon/LPE (Talon) to perform assessment and remediation services at the Pardue-B-8808 JV-P #5 flow line release site. Within this transmittal, Talon presents a proposed work plan to perform the assessment and remediation activities.

Incident date: 9/15/2009

The Pardue-B-8808 JV-P #5 is located approximately four (4) miles northeast of Loving, New Mexico. This site lies west of the Pecos River on land owned by Greg Martinez and Melinda Thompson, bordered by abandoned agricultural land. The local surface and shallow geology includes sands, tightly packed silty-sands, and gravel river deposits anticipated to be underlain by sandstones, limestone & dolomite. Apparent groundwater is present at 12 feet to 15 feet below ground surface (bgs) based on initial excavation activities. This groundwater may be bank storage from the Pecos River. The New Mexico State Engineer web site indicates groundwater in section 16-23s-28e to be at an average depth of 55' feet below ground surface (bgs) in this area. Based on previous investigations by other operators in the general area, groundwater quality in the area may be poor.

The ranking for this site is 20 based on the following:

Depth to ground water	<50'
Wellhead Protection Area	>1000'
Distance to surface water body	<1000'

Incident Description:

On 9/15/2010 BTA personnel discovered a leak in the buried flow line that transfers fluids from the Pardue-B-8808 JV-P #5 to the Pardue B Storage Battery.

Action Taken:

The leaking flow line was immediately removed from service and repaired. The visually impacted soil was excavated and transported to an NMOCD approved Solid waste disposal facility (Lea Land, LLC) for disposal. The existing excavation is relatively elliptical in shape with approximate maximum surface dimensions of 145 feet by 70 feet. The approximate depth of excavation is 15 feet bgs. During the course of excavation activities, apparent groundwater was observed in the bottom of the excavation. On October 6, 2009, BTA

personnel collected a water sample from the excavation for laboratory analysis. The water sample was submitted to TraceAnalysis, Inc. (Trace) for total chloride analysis using EPA Method E 300.0. BTA submitted analytical results from the water samples taken on 10/6/2009 to the NMOCD Santa Fe office/Mr. Von Gonten. The fluids located in the excavation were subsequently removed by vacuum truck and transported to an appropriate disposal site. To date, a total of 2,053 barrels of fluid (water) have been removed from the excavation.

Assessment/Remediation:

Talon proposes the following assessment/remedial activities to address the soil impact at the site:

- The NMOCD will be notified at least 48 hours prior to the initiation of sampling activities.
- Soil in the vicinity of the release will be vertically and horizontally delineated by performing numerous push-probe borings and collecting soil samples from the surface (0'), three feet (3'), and five feet (5') bgs. Soils samples will also be collected near the capillary fringe (approximately 10 feet bgs). The number and exact location of the soil borings and sampling locations will be dictated by field titration results for chloride and rig accessibility. The soil borings will be installed to the north, south, east and west of the excavation site. The underlying goal of the activity is to provide horizontal and vertical soil impact delineation, and potentially obtain shallow groundwater information for future use. Samples which are identified as pertinent to the delineation activities will be placed in laboratory provided sample containers. These samples will be labeled, placed on ice, and delivered to a qualified laboratory for analysis of EPA SW-846 Method 8015 GRO/DRO for total petroleum hydrocarbons (TPH), EPA SW-846 Method 8021 for benzene, ethylbenzene, toluene, and total xylenes (BTEX), and total chlorides using EPA Method E 300.0.
- The resulting analytical information will be provided to the NMOCD, and a recommended remediation action level (RRAL) will be derived for the site. Once site analytical information has been obtained, BTA will coordinate with the NMOCD to derive a site specific chloride cleanup level. Based on the RRAL and derived chloride cleanup levels, site soils will be excavated and transported to an NMOCD approved Solid waste disposal site (Lea Land LLC.) for disposal. Excavation depth will not proceed vertically beyond the capillary fringe of the underlying shallow groundwater.
- Once the excavation of the impacted soil is complete, confirmation grab soil samples will be collected from the sidewalls of the excavation area. Excavation floor samples will not be collected below the capillary fringe. Confirmation samples will be analyzed for TPH, BTEX and total chlorides.
- If approved, the excavation will be backfilled to grade using clean material. The backfilled area will be contoured to match the surrounding terrain. A final soil report will be provided to the NMOCD Artesia office documenting these activities and the findings.

If I can be of further assistance please call me at (575)-441-7254.

Respectfully Submitted,

Michael Stubblefield
Project Manager
Talon/LPE-Artesia