

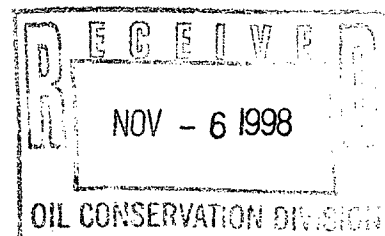


Richard L. Alvidrez
Attorney at Law
Direct Dial: 505-346-9150
E-mail: rla@keleher-law.com

November 4, 1998

Via Facsimile (505) 827-7177

Rand Carroll, Esq.
General Counsel
NM Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505-5472



**Re: Burlington Hampton 4M Well - Burlington Resources Letter of
October 28, 1998**

Dear Mr. Carroll:

I am writing on behalf of Public Service Company of New Mexico ("PNM") to advise the New Mexico Oil Conservation Division ("OCD") of serious concerns raised by the letter dated October 28, 1998 ("October Letter") from Burlington Resources ("Burlington") to the OCD. A copy of the October Letter is enclosed for your ready reference.

In its October Letter, Burlington states that it will immediately initiate source removal for the remediation of soil contamination at the entire Hampton 4M Well site. PNM's understanding is that the source of ongoing contamination at this site is free product occurring at or below the water table. Based on review of Burlington's October Letter, we fail to understand how additional excavation of overlying soils will remove free product as the ongoing source of contamination.

As we understand Burlington's proposal, no formal remediation work plan will be submitted to the OCD for review. Rather, Burlington is relying on the October Letter and its basin-wide soils remediation plan as the basis for its remediation activities. These generic plans are completely inadequate to address the atypical contamination issues at this site. We further understand that Burlington anticipates conducting extensive excavation beginning in the area of PNM's former unlined pit up to the area of Burlington's former unlined pit. The result of Burlington's proposed wholesale excavation will be the mass disturbance of the Hampton 4M Well pad and the potential release of large amounts of Burlington's free product downgradient of the site.

W. A. Keleher (1886-1972)
A.H. McLeod (1902-1976)

Mailing Address
PO Drawer AA
Albuquerque NM 87103

Main Phone
505-346-4646

Street Address
Albuquerque Plaza
201 Third NW, 12th floor
Albuquerque NM 87102
Fax: 505-346-1370

414 Silver SW, 12th floor
Albuquerque NM 87102
Fax: 505-346-1345

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Burlington's remediation proposal raises several serious concerns. First, contrary to Burlington's contentions, the data clearly show that the source of contamination at the Hampton 4M Well site is not PNM's former unlined pit. Rather, the data confirm that the contamination is originating from the area well upgradient of PNM's former and Williams' current operations at the site, and downgradient of Burlington's former and current operations. However, the precise release point for the contamination has not been identified, nor has the possibility of a continuous or intermittent release situation in the area upgradient from PNM's former operations been ruled out. In fact, the data suggest a continuing upgradient release of free product. In sum, in the absence of specific source identification and abatement of any continuing source, remediation measures such as those apparently currently contemplated by Burlington will not only be futile, they are likely to exacerbate the downgradient contamination, including contamination of BLM and private lands.

Secondly, Burlington's proposed remediation methods will interrupt PNM's ongoing remediation and monitoring activities at the Hampton 4M Well site. PNM's remediation activities have recovered over 1,000 gallons of free product to date. Burlington's proposed extensive excavation will preclude PNM from being able to continue its ongoing monitoring and remediation activities, as the existing monitoring and remediation equipment at the well pad will be removed by Burlington. If Burlington is allowed to proceed with its remediation under these circumstances, PNM must be relieved of its obligations under its remediation plan with the OCD, as well as responsibility for further remediation and monitoring at this site.

A third serious problem posed by Burlington's proposed excavation is the fact that the excavation will obliterate important evidence concerning the release point or points of contamination at the site. Again, the data suggest the release point for the contamination at the site originates in the area of Burlington's former and current operations. Additional soil sampling could likely aid in pinpointing the release point or points. However, the wholesale excavation of the well pad will only serve to remove the indicators of the release point of contamination at this site making further source identification and control impossible.

A fourth concern is that Burlington's proposed remediation strategy does not address the true continuing source of contamination at this site or the extensive free product contamination in the ground water underlying the site. The data developed at the site show that soil contamination is occurring as a result of the transfer of contamination from the free product in the ground water to the soils. This transfer occurs as the ground water level rises and falls beneath the well pad. Even if Burlington is successful in removing the existing soil contamination at the site, soil contamination will only re-occur as a result of fluctuations in the level of ground water beneath the site, particularly if the actual release point or points are not first identified and addressed. Burlington has not proposed free product removal by excavation of the capillary fringe and smear zones located at or below the water table, as there are no provisions for excavation

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dewatering, free liquid containment and disposal, and other waste and water management activities associated with physical removal of free product.

PNM is pleased that Burlington is acknowledging its responsibility for contamination at the Hampton 4M site and that Burlington proposes to take remedial action at the site. However, PNM is very concerned about Burlington's proposed remediation activities and their lack of effectiveness, and the resulting impacts on public health and the environment. There are a number of alternative, cost effective means of pursuing remediation at this site without the attendant problems posed by Burlington's proposal. Good engineering and environmental practices dictate that alternative means of remediation be employed at this site. PNM questions the urgency of Burlington's proposed excavation activities in light of months of delays on the part of Burlington in taking action at this site. A hearing has been scheduled before the OCD which will address the issue of further responsibility at this site. The additional few weeks required to obtain a determination on this issue will not negatively impact future remedial activities or the environment, and would minimize the potential for exacerbating the contamination problems at the site.

We wish to confirm that we have raised these issues with you and Bill Olson by telephone today, through myself and Toni Ristau of PNM. It is our understanding that notwithstanding PNM's concerns, the OCD proposes to allow Burlington to proceed with its proposed remediation activities. Under the circumstances, PNM must demand that the OCD immediately halt Burlington's proposed remediation activities at the Hampton 4M Well site and require Burlington to submit a proper remediation proposal or abatement plan which addresses the concerns outlined above. In addition, as Burlington has now accepted responsibility for the cleanup of this site, PNM demands that it be relieved of all further remediation and monitoring obligations at this site.

Finally, based on our conversations today, it is the understanding of PNM that in the event Burlington's activities in any way exacerbate or complicate the problems existing at the Hampton 4M Well site, PNM will in no way be held responsible for such problems or complications.

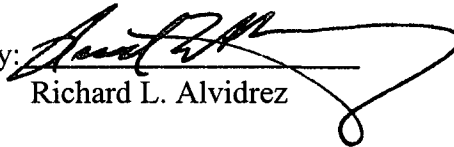
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We request a prompt written reply to this letter so that PNM may take whatever additional action is necessary to protect its interests. Should you have any questions concerning the foregoing, please advise at once.

Very truly yours,

KELEHER & McLEOD, P.A.

By: 
Richard L. Alvidrez

cc William Carr, Esq.
Joyce Trew, Esq.-Williams

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**BURLINGTON
RESOURCES**

SAN JUAN DIVISION

October 28, 1998

Certified: P 103 693 144

Mr. Bill Olson
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

RE: Hampton 4M
Unit Letter N, Section 13, Township 30N, Range 11W

Dear Mr. Olson:

Your September 1, 1998 letter to Burlington Resources (BR) requested that BR submit a remediation and monitoring work plan for groundwater contaminated as a result of BR's activities at the subject well location.

In the process of gathering additional information to determine the source(s) of groundwater contamination, BR drilled two soil borings on the Hampton 4M location. The borings, one near BR's excavation and one near Public Service of New Mexico's (PNM's) former dehydrator pit, were drilled down to the groundwater. The soil borings confirmed that a substantial amount of soil contamination remains in place in the area of PNM's operations and, to a much lesser extent, near BR's pit area that was previously remediated. It also appears that the contamination associated with PNM's operations is migrating not only downgradient into groundwater, but also upgradient through sand lenses in the soils. In this regard, BR believes that no effort to clean up the groundwater at this site will be effective until the area surrounding the old PNM unlined dehydrator pit is remediated.

As a result of these recent findings, BR has submitted a letter dated October 26, 1998 to PNM concerning the Hampton 4M well. As the letter states, BR has requested PNM to immediately begin the remediation of the contamination at the Hampton 4M location. If PNM does not agree to undertake this action by Friday, October 30, then BR is prepared to immediately remediate the contamination on the entire location, including the pit area where PNM's operations took place.

In the event that PNM does not initiate action to clean up its contamination by Friday, October 30, BR will conduct source removal work for the entire Hampton 4M location, starting in the area of PNM's former dehydrator pit and working towards the old BR pit area. A PID and/or lab analyses will be utilized to determine the extent of the excavation. Clean overburden will be stockpiled on location or used as fill. Impacted soil that is excavated will be landfarmed on BR locations (i.e., within the same lease) or will be disposed at a permitted commercial disposal facility.

Upon the completion of the source removal work and the backfilling of the excavation with clean soils, the location of necessary monitoring wells will be determined. At a minimum, a monitoring well will be installed in the source area near PNM's former dehydrator pit. As mentioned in the action plan of BR's May 28, 1998 letter, a monitoring well will also be installed in the area of BR's original excavation in the southeast corner of the Hampton 4M location. These monitoring wells and other existing monitoring wells will then be periodically tested to show improvement in water quality.

If you require additional details concerning the remediation and monitoring work plan prior to BR initiating source removal work, please let me know. If PNM is unwilling to take action, BR plans to start the remediation work as soon as the necessary equipment is available. Please contact me at (505) 326-9841 if you have questions or additional information is needed.

Sincerely,



Ed Hasely
Sr. Staff Environmental Representative

Attachment: October 26, 1998 letter from William F. Carr

cc: Denny Foust - NMOCD Aztec
Johnny Ellis - BR
Bruce Gantner - BR
John Bemis - BR
Maurene Gannon - PNM Albuquerque
Hampton 4M File

**CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS**

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK P. SHERIDAN
MICHAEL M. FRISWORTH
ANTHONY P. MEDEROS
PAUL R. OWEN
KATHERINE M. MOSS

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 998-4481
FACSIMILE: (505) 998-6648
E-MAIL: CCBERGE@LAW.COM

October 26, 1998

VIA FACSIMILE

Richard Alvidrez, Esq.
Keleher & McLeod, P.A.
Post Office Drawer AA
Albuquerque, New Mexico 87103

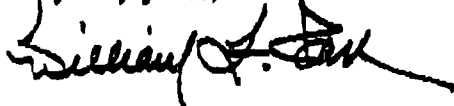
Re: *Hampton Well No. 4M
Unit N, Section 13,
Township 30 North, Range 11 West, NMPM,
San Juan County, New Mexico*

Dear Mr Alvidrez:

Recent sampling near the Hampton Well No. 4M confirms that the prior activities of the Public Service Company of New Mexico, and in particular the discharge of hydrocarbons into an unlined pit from its dehydrator, are a continuing active source at this well site. This source is not the result of the activity at this well of Burlington Resources Oil & Gas Company or its predecessors. Until the contamination caused by PNM's discharge of hydrocarbons from its dehydrator is remediated, problems will continue. Furthermore, no effort to clean up this site will be effective until the area surrounding the old PNM unlined dehydrator pit is remediated.

Burlington Resources Oil & Gas Company believes that the delays by PNM in remediation of contamination caused by PNM's discharge of hydrocarbons from its dehydrator can no longer be tolerated and therefore demands that PNM immediately undertake the remediation of the contamination at the Hampton 4M Well. If PNM does not agree to undertake the full remediation of its contamination by 5:00 p.m. on Friday October 30, 1998, Burlington will promptly remediate the contamination resulting from PNM's operation of its dehydrator at the Hampton 4M Well site. Thereafter, Burlington Resources will pursue all remedies available to it for PNM's continued unwillingness to clean up its contamination.

Very truly yours,



WILLIAM F. CARR

Attorney for Burlington Resources Oil & Gas Company
WFC:mlh

cc: Bruce Gantner, Burlington Resources Oil & Gas Company