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November 4, 1998

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Via Facsimile (505) 827-7177

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

Case No. 12033 Exhibit No. 2

Submitted by: Burlington Resources Oil & Gas Company

Hearing Date: November 19, 1998

**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.

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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.

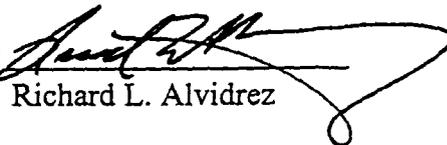
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We request a prompt written reply to this letter so that PNM may take whatever additional action is necessary to protect its interests. Should you have any questions concerning the foregoing, please advise at once.

Very truly yours,

KELEHER & McLEOD, P.A.

By: 
Richard L. Alvidrez

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

bcc: Colin Adams, Esq.
Toni Ristau
Maureen Gannon
Mark Sikelianos
Valda Terauds