



July 20, 1999

FAX (505) 983-6043

William F. Carr  
Campbell, Carr, Berge & Sheridan, P.A.  
P.O. Box 2208  
Suite 1-110 North Guadalupe  
Santa Fe, New Mexico 87504-4421

**Re: *Public Service Company of New Mexico on site land farm  
operations on Burlington Resources Oil and Gas well sites***

Dear Mr. Carr:

This letter is in response to your letter to me of July 16, 1999 concerning PNM's ongoing practice of landfarming soils on Burlington Resources leasehold sites. We are very surprised at this most recent development and can only regard it as a form of retribution for PNM's appeal in Case 12033 before the New Mexico Oil Conservation Commission.

As you know, PNM has been landfarming soils at various sites, including sites operated by Burlington Resources, for a number of years now. On-site landfarming has been expressly approved by the New Mexico Oil Conservation Division ("OCD") through their approval of PNM's Pit remediation program. This process has been efficient and cost effective and has been carried out without incident.

PNM has alerted the OCD to Burlington's recent position prohibiting PNM from conducting on-site landfarming at Burlington operated sites. The OCD informs us that before PNM's current practice of onsite landfarming can be altered or discontinued, PNM will need to seek a variance from or modification to its approved Pit Remediation Plan from the OCD and the Bureau of Land Management ("BLM"). Therefore, before we can take any action to address Burlington's directive, we will need time to develop a variance or modification to our plan and to submit and obtain approval for such a variance or modification. We will advise Burlington Resources of a time schedule of when we believe this approval can be obtained once we have received further direction from the OCD and BLM.

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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Letter to William F. Carr  
July 20, 1999  
Page 2

We are very disappointed in Burlington's recent decision not to allow PNM to conduct on site landfarming. Despite assurances in your letter to the contrary, we can only regard this as an attempt to impede PNM's remediation efforts and to cause PNM to incur additional unnecessary costs. PNM will certainly make note of this fact in any future action for cost recovery.

If you have any questions concerning the foregoing, or disagree with the process outlined above, please advise us at once.

Very truly yours,

KELEHER & MCLEOD, PA

By:

  
RICHARD L. ALVIDREZ

cc: William Olson, OCD  
Roger Anderson, OCD

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