

FRONTIER

field services, llc
southern ute indian tribe

March 17, 2011
Mr. Daniel Sanchez
Acting Division Director
NM Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

FIRST CLASS MAIL
RETURN RECEIPT REQUESTED

RE: FRONTIER FIELD SERVICES, LLC MALJAMAR GAS PLANT H₂S CONTINGENCY PLAN
STATUS – YOUR LETTER OF MARCH 1, 2011

Dear Mr. Sanchez:

We are in receipt of your letter of March 1, 2011 regarding the requirements under current OCD rules regarding flaring/venting pursuant to §19.15.7.37 et seq. NMAC and rules pertaining to H₂S under §19.15.11 et seq. NMAC. Our consultant, Alberto Gutiérrez (Geolex, Inc.®) spoke with Carl Chavez of your office on March 10, 2011, to clarify the applicability of above referenced OCD rules to our facility and I am writing this letter to confirm our understanding based on that conversation and the status of our plant.

Frontier's Maljamar plant operates under NMED Title V Air Quality Permit Operating Permit P123R1 and NSR Air Quality Permit 0319-M7-R3 which allow for the flaring of up to 5 tons of sulfur per day with a maximum throughput of 60MMCFD. We also operate under OCD discharge plan GW-020. We understand that while we operate in compliance with these permits which explicitly allow flaring as described above we are not subject to the requirements of §19.15.7.37 et seq. NMAC and the OCD Form C-129 process.

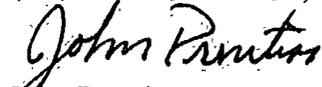
In response to the second point in the letter relative to OCD rules pertaining to H₂S under §19.15.11 et seq. NMAC, as Mr. Gutierrez explained to Mr. Chavez, Frontier does have a H₂S Contingency Plan in place which was submitted to NMOCD back in 2004-2005 pursuant to the old requirements under Rule 118. A copy of that plan is attached, since according to your records you were not able to locate the plan. Mr. Chavez mentioned that this may have resulted from that plan not having been in your files when you had the files scanned for electronic files in 2009. Pursuant to Mr. Chavez' request, this copy is being provided as an information copy only for confirmation that Frontier has been in compliance with the former Rule 118 requirements to have a H₂S Contingency Plan in place.

Case No. 14664

FRONTIER
FIELD SERVICES
Exhibit #2

In keeping with Frontier's commitment to safety and to operating in compliance with all applicable state, federal and local regulations, we are well underway in the process of upgrading our current H₂S Contingency Plan to comply with the requirements of Rule 11. As Mr. Gutiérrez informed Mr. Chavez, Geolex was retained in January to prepare an upgraded H₂S Contingency Plan pursuant to current Rule 11 requirements (§19.15.11 et seq. NMAC). We anticipate submitting this plan to the OCD Environmental Bureau by June, well in advance of the August 11, 2011 deadline required by your letter. I trust that this letter clarifies Frontier Field Services, LLC status with respect to the rules addressed in your letter. If you have any questions or require additional information, please contact me at 575.706.6983 or Mr. Alberto A. Gutiérrez at 505-842-8000.

Sincerely,
Frontier Field Services, LLC.



John Prentiss
Area Manager

Enclosure

cc: Carl Chavez, NMOCD Environmental Bureau w/o Enclosure
Richard Goodyear, NMED-AQB w/o Enclosure
OCD District Office Hobbs w/o Enclosure
Alberto A. Gutiérrez, Geolex w/o Enclosure