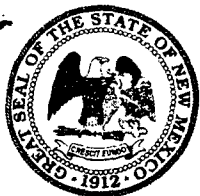


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APPROVALS

YEAR(S):

2000-1995



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

September 7, 2000

CERTIFIED MAIL

RETURN RECEIPT NO. 5051-3594

Mr. Tommy H. Arnwine
Louis Dreyfus Natural Gas
P.O. Box 525
Sonora, Texas 76950

RE: FINAL SAN JUAN BASIN PIT CLOSURE REPORTS

Dear Mr. Arnwine:

The New Mexico Oil Conservation Division (OCD) has reviewed Louis Dreyfus Natural Gas' (LDNG) July 26, 2000 "MILES FEDERAL #1E, SECTION 05, T26N, R07W, RIO ARRIBA COUNTY, NEW MEXICO", July 24, 2000 "MKL #2-R, SECTION 5, T26N, R07W, RIO ARRIBA COUNTY, NEW MEXICO", and January 17, 2000 "FEDERAL 6-32, SECTION 6, T26N, R07W, SW/NE, RIO ARRIBA COUNTY, NEW MEXICO". These documents contain the results of the closure of unlined oil and gas production pits at the three well sites in Rio Arriba County, New Mexico.

The pit closure/soil remediation activities conducted at the sites listed below are **approved**.

- | | |
|--------------------------------------|-----------------------------|
| 1. Federal 6-32 (separator pit) | Unit O, Sec. 06, T26N, R07W |
| 2. Miles Federal #1E (separator pit) | Unit N, Sec. 05, T26N, R07W |
| 3. MKL #2R (separator pit) | Unit N, Sec. 05, T26N, R07W |

Please be advised that OCD approval does not relieve LDNG of liability if remaining contaminants are found to pose a future threat to surface water, ground water, human health or the environment.

In addition, OCD approval does not relieve LDNG of responsibility for compliance with any other federal, state, tribal or local laws and regulations.

If you have any questions, please call me at (505) 827-7154.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Olson". The signature is fluid and cursive, with the first name "Will" being more prominent than the last name "Olson".

William C. Olson
Hydrologist
Environmental Bureau

xc: Denny Foust, OCD Aztec District Office
Bill Liess, BLM Farmington District Office

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505

November 14, 1995

CERTIFIED MAIL

RETURN RECEIPT NO. Z-765-962-512

Mr. Gene Simer
Louis Dreyfus Natural Gas Corporation
P.O. Box 2993
Farmington, New Mexico 87499

RE: PIT CLOSURE
MILES FEDERAL #1E WELL SITE

Dear Mr. Simer:

The New Mexico Oil Conservation Division (OCD) has completed a review of Louis Dreyfus Natural Gas Corporation's (LDNGC) October 19, 1995 "LOUIS DREYFUS NATURAL GAS CORPORATION, MILES FEDERAL #1E, SEC 5, T26N, R07W, SE/SW, RIO ARRIBA COUNTY, NEW MEXICO" which was submitted on behalf of LDNGC by their consultant Contract Environmental Services, Inc. This document contains LDNGC's work plan for additional investigations of the extent of soil and ground water contamination related to LDNGC's unlined pit disposal activities at the Miles Federal #1E well site.

The above referenced work plan is approved with the following conditions:

1. The initial monitor well will be located downgradient and immediately adjacent to the former pit location.
2. All monitor wells will be constructed as set out below:
 - a. A minimum of fifteen feet of well screen will be installed, with at least five feet of well screen above the water table and ten feet of well screen below the water table.
 - b. An appropriately sized gravel pack will be set around the well screen from the bottom of the hole to a minimum of 2 feet above the top of the well screen.
 - c. A 2-3 foot bentonite plug will be placed above the gravel pack.
 - d. The remainder of the hole will be grouted to the surface with cement containing 5 % bentonite.

Mr. Gene Simer
November 14, 1995
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3. LDNGC will develop each well upon completion using EPA approved procedures.
4. All wastes generated will be disposed of at an OCD approved facility.
5. Ground water from the monitor wells will be sampled and analyzed for concentrations of benzene, toluene, ethylbenzene, xylene (BTEX), major cations and anions, heavy metals and polynuclear aromatic hydrocarbons using EPA approved methods.
6. LDNGC will submit a report on the investigation to the OCD by January 19, 1995. The report will contain:
 - a. A description of all activities which occurred during the investigation, conclusions and recommendations.
 - b. A summary of the laboratory analytic results of water quality sampling of the monitor wells.
 - c. A water table elevation map using the water table elevation of the ground water in all monitor wells.
 - d. A geologic log and as built well completion diagram for each well.
7. LDNGC will notify the OCD at least one week in advance of all scheduled activities such that the OCD has the opportunity to witness the events and/or split samples.
8. All documents submitted for approval will be submitted to the OCD Santa Fe Office with copies provided to the OCD Aztec Office.

Please be advised that OCD approval does not relieve LDNGC of liability if contamination exists which is beyond the scope of the work plan or if the activities fail to adequately determine the extent of contamination related to LDNGC's activities. In addition, OCD approval does not relieve LDNGC of responsibility for compliance with other federal, state or local laws and/or regulations. If you have any questions, please call me at (505) 827-7154.

Sincerely,



William C. Olson
Hydrogeologist
Environmental Bureau

xc: Denny Foust, OCD Aztec Office
Shawn Adams, Contract Environmental Services