



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Guadalupe Operating
1407 Cuthbert Ave.
Midland TX 79701

July 6, 2005

Reference: Yates Federal 018 I-6-20s-27e 30-015-21241
 Yates Federal 009 O-6-20s-27e 30-015-01027

Operator,

A cleanup/remediation work plan has been submitted by your agent, Allstate Environmental Services for remediation work to be performed on the above referenced well sites.

The work plan is accepted as presented with the following stipulations:

NMOCD may alter work plan as site conditions warrant.

Contact NMOCD District 2 office 24 hours prior to commencement of operations.

Contact NMOCD District 2 office 24 hours prior to obtaining samples where analysis of such samples are to be submitted to the NMOCD.

Submission of a "Final Report" C-141 upon completion of project.

Please be advised that acceptance of a C-141 or a remediation work plan does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance does not relieve the operator of responsibility for compliance with any other federal, state or local laws and/or regulations.

If I can be of assistance in this matter, my contact information is listed below.

Thank you,

Mike Bratcher

Mike Bratcher

NMOCD District 2

1301 W Grand Ave

Artesia, NM 88210

(505) 748-1283

(505) 626-0857

Mike.Bratcher@state.nm.us

June 17, 2005

Mike Bratcher
New Mexico Oil Conservation Division
1301 W. Grand
Artesia, New Mexico 88210

Subject: Cleanup of Guadalupe Operating Yates Federal leases No. 009 and 018 - Inspections
No. 0509049076 & 8247.

Dear Mr. Bratcher,

Allstate Environmental Services has been contracted by Guadalupe Operating Co. to commence cleanup activities at the subject locations as directed in your letter of violation dated 3/31/05 to Mr. John Breedlove.

We propose to clean up these two sites as follows:

Yates No. 018 **30-015-21241**

The impacted soil around the well head will be pulled away until the sides and bottom of the excavation meet OCD guidelines. The impacted soil will be mixed with surrounding native soil until it meets with the OCD guidelines, then will be placed back into the excavated area. Excavation bottom and mixed soils will be tested for chlorides content.

Yates No. 009 **30-015-01027**

All impacted soils around the well head and outside the fence of the tank battery (including the leaking area of the west tank) will be pulled away until the sides and bottom of the impacted area are able to meet OCD guidelines. The soil will then be mixed with surrounding native soil to meet OCD guidelines. Excavation bottom and mixed soils will be tested for chlorides content. A berm will be built around the injection pump to prevent water runoff of the plastic liner.

Cleanup Limits

New Mexico State Engineer records indicate that the 2 sites would fall under a ranking score of zero (0). Therefore total petroleum hydrocarbon levels should be at 5000 ppm or less and BTEX levels should be at 100 ppm or less (field headspace method).

We would like to begin clean up of these 2 sites immediately with your approval. Please feel free to call Hamp Kerby or Rob Elam with Allstate Environmental Services at 432-682-3547 or Mr. John Breedlove with Guadalupe Operating at 432-686-8632 with any concerns or questions.

Sincerely,

Hamp Kerby - Allstate Environmental Services
Midland, Texas