

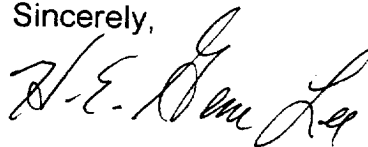
Item #8 refers to samples taken and analyzed by Cardinal Laboratories. These samples were taken using standard QA/QC methods with uncontaminated, glass containers, clean gloves and gathering utensils. The samples were then placed in the sealed containers and hand delivered to Cardinal Laboratories. Salty Bill plans to split samples and their results with the OCD but would also like to be present on any samples the OCD or Environmental Dept takes and have them split as well. As of this date, representatives of Salty Bill SWD were present when samples were taken referred to in Item #8 which show BTEX. These samples were taken from the tanks in which the trucks unload. As any geologist and lab technician dealing with the oil industry knows, BTEX would be present as it is in any oil operation; however, if the OCD and Environmental Dept had taken samples further down the line of tanks and at the tank the water injection pumps pull from, it would have noticed that no unacceptable levels of BTEX, TPH, or VOC were present.

At the present time, several steps have been taken toward cleaning up the SWD facility and improving the general housekeeping around the area. Steps which have been taken or changes made are as follows:

1. The facility has been under supervision 24 hrs per day as requested. This will prevent over filling tanks, leaks, etc.
2. The fiberglass tanks have been dismantled and removed along with all associated piping.
3. The heater treater separator which was never used was totally removed from the facility.
4. The roads have been improved and cleaned up to prevent puddling of fluids from heavy rains.
5. The sump by the pumps has been emptied and is no longer in use.
6. The pit was emptied and will not be used.
7. New valves installed and/or repaired to prevent leakage at load lines.

Salty Bill SWD is prepared to start remediation and pit closure of the sump and pit as soon as the concerns addressed above have come to an amicable solution for both parties concerned.

Sincerely,

A handwritten signature in black ink, appearing to read "H. E. Gene Lee". The signature is fluid and cursive, with the first name "H. E." and last name "Lee" clearly distinguishable.

H. E. Gene LEE

cc: NMOCD-Artesia