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November 9, 1998

VIA FACSIMILE

Richard L. Alvidrez, Esq.
Keleher & McLeod, P. A.
Post Office Drawer AA
Albuquerque, New Mexico 87103

Re: *Oil Conservation Division Case 12033*

Dear Mr. Alvidrez:

On March 13, 1998, the Oil Conservation Division wrote the Public Service Company of New Mexico ("PNM") concerning the migration of contaminated ground water from the Hampton No. 4 Well site onto down gradient private lands. The Division's Environmental Bureau required PNM take additional remedial action to remove the remaining source areas with free phase hydrocarbons in the vicinity of and immediately down gradient of the PNM dehydration pit. Since that time PNM has failed and refused to take required remedial action.

On October 26, 1998, I advised you that if PNM did not agree to undertake the full remediation of its contamination at this site by Friday, October 30, 1998, Burlington would remediate this contamination and pursue all remedies available to it for PNM's continued unwillingness to clean up its contamination. On October 28, PNM declined to undertake remediation.

Although in its October 28 letter PNM encouraged Burlington "to immediately proceed with remediation of the contamination...", PNM now opposes Burlington's plans to remediate the PNM contamination at this well site.

This letter is to advise you that unless otherwise directed by the Oil Conservation Division Environmental Bureau, Burlington will remediate the Hampton 4M well site commencing

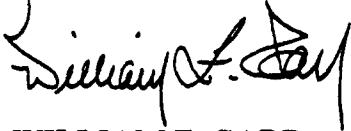
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on November 10, 1998. Representatives of PNM may monitor Burlington's remediation of this site but may not interfere with or impede Burlington's efforts to fully remediate this site to the level required by the Oil Conservation Division.

Burlington's remediation of this contamination is not an acknowledgment by Burlington of responsibility for either this contamination or the cleanup thereof.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

WILLIAM F. CARR

WFC:mlh

cc: Rand Carroll, Esq.
John H. Bemis, Esq.

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