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ATTORNEYS AND COUNSELORS AT LAW

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April 4, 2003

VIA HAND DELIVERY

Mr. Michael Stogner
Hearing Examiner, Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: ***NMOCD Case No. 13004; Application of the New Mexico Oil Conservation Division, Through the Environmental Bureau Chief, for an Order Determining the Responsible Party or Parties and Ordering the Responsible Party or Parties to Conduct Division-Approved Corrective Action With Respect to a Hydrocarbon Release; Lea County, New Mexico.***

Dear Mr. Stogner:

This matter is set for hearing next Thursday, April 10, 2003. Prior to the last scheduled hearing on March 13, 2003, you held a prehearing conference, at the conclusion of which you asked the responding parties to meet and develop a proposed interim disposition of this case.

Accordingly, enclosed please find a proposed Stipulated Conditional Dismissal. The Stipulation provides that Samedan will voluntarily develop and implement a site investigation plan, with specific deadlines for conducting such activity. In the interim, the case will be dismissed so that the investigation may be conducted in a non-adversarial context. The case may be re-filed if the matter is not resolved voluntarily to the Division's satisfaction.

By separate letter delivered concurrently herewith, I have asked for the Environmental Bureau's concurrence in the requested Stipulated Conditional Dismissal. I make no representation as to the Bureau's position on the enclosed document.

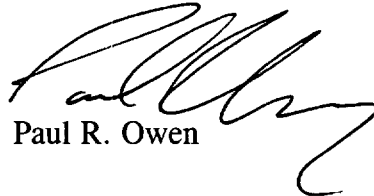
It is my understanding that because of the agreement represented by the enclosed document, none of the responding parties is filing a Prehearing Statement today for next Thursday's hearing.

If the enclosed document meets with your approval, the responding parties will appreciate the Division's execution and entry of the proposed Stipulated Conditional Dismissal.

Mr. Michael Stogner
Oil Conservation Division
April 4, 2003
Page 2

Please let me know if you have any questions.

Very truly yours,



Paul R. Owen

cc: Arnold J. Johnson, Esq. (via facsimile)
J. Scott Hall, Esq. (via facsimile)
W. Thomas Kellahin, Esq. (via facsimile)
David Brooks, Esq. (via hand delivery)

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF THE NEW MEXICO
OIL CONSERVATION DIVISION,
THROUGH THE ENVIRONMENTAL
BUREAU CHIEF, FOR AN ORDER
DETERMINING THE RESPONSIBLE
PARTY OR PARTIES AND ORDERING
THE RESPONSIBLE PARTY OR
PARTIES TO CONDUCT DIVISION-
APPROVED CORRECTIVE ACTION
WITH RESPECT TO A HYDROCARBON
RELEASE; LEA COUNTY, NEW
MEXICO.**

CASE NO. 13004

STIPULATED CONDITIONAL DISMISSAL

The responding parties, Samedan Oil Corporation, Occidental Permian Ltd., and Shell Exploration and Production Company, all by and through undersigned counsel, submit this Stipulated Conditional Dismissal. Based on one party's commitment to commencing site investigation, this matter should be dismissed and re-filed if the matter is not voluntarily resolved:

The parties stipulate as follows:

1. Within seven (7) days of the Division's entry of this Stipulated Conditional Dismissal, Samedan Oil Corporation will submit to the Environmental Bureau of the New Mexico Oil Conservation Division ("Bureau") a plan to investigate the extent of contamination ("site investigation plan") associated with the mobile home site identified by the Bureau in the field notes taken by Mr. Bill Olson of the Bureau on January 25, 2000, and attached hereto as Exhibit "A."

2. Within 21 days of the Bureau's approval of the site investigation plan, Samedan will perform such work as is necessary to implement the site investigation plan.

3. Within 28 days of the Bureau's approval of the site investigation plan, Samedan will submit the results of the site investigation plan to the Bureau.

4. If, within 90 days of the Division's receipt of the results of the site investigation plan, one or all of the parties have not initiated such steps to remediate any hydrocarbon contamination revealed by the results of the site investigation plan, then this case may be re-filed.

5. If any of the steps required in paragraphs 1 through 4 herein are not taken within the time specified, or within such additional time as agreed to by the Bureau, this case may be re-filed by the Bureau.

6. This Stipulated Conditional Dismissal, and Samedan's agreement to formulate and implement the site investigation plan herein, are not an agreement by Samedan or any other party to take any steps to remediate the alleged contamination associated with the mobile home site identified in Exhibit A.

7. This Stipulated Conditional Dismissal, and any party's taking any steps as outlined herein, are not assumptions of responsibility for any alleged contamination or responsible person status by any party hereto.

8. No party shall use this Stipulated Conditional Dismissal, or any party's taking any steps as outlined herein, as evidence of any other party's responsibility for any alleged contamination or responsible person status.

9. The results of the site investigation plan shall not be binding on any party to determine any party's responsibility for any alleged contamination or responsible person status.

STIPULATED CONDITIONAL DISMISSAL

10. This Stipulated Conditional Dismissal is in the best interests of all parties for the following reasons:

a. It allows for the gathering of additional data to supplement the incomplete study commenced by the Environmental Bureau;

b. It may resolve what may otherwise be a lengthy, time consuming and extremely expensive contested hearing;

c. Despite the Environmental Bureau's stated intention that this case not establish a precedent, it may do so unless the case is dismissed without prejudice;

d. It will allow the Division Examiner to maintain jurisdiction and allow the Environmental Bureau to supervise, if necessary, the gathering of additional data, without the perceived bias to any party that may result from continuing the current case; and,

e. It demonstrates to the public that the Division is causing this case to move toward a conclusion.

IT IS THEREFORE ORDERED THAT:

Case No. 13004 is hereby Dismissed WITHOUT PREJUDICE to the Bureau to re-file this case under the conditions set forth herein.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

S E A L

AGREED AND STIPULATED:

MONTGOMERY & ANDREWS, P.A.

By 

Paul R. Owen
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KELLAHIN & KELLAHIN

By _____

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MILLER, STRATVERT, P.A.

By _____

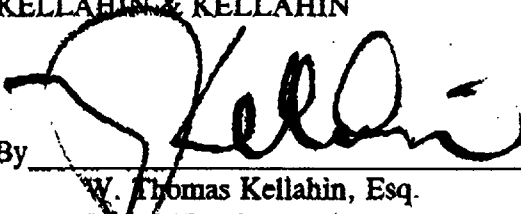
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STIPULATED CONDITIONAL DISMISSAL

Page 4

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April 4, 2003
VIA HAND DELIVERY

David Brooks, Esq.
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
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Dear Mr. Brooks:

Enclosed please find a proposed Stipulated Conditional Dismissal. As represented by the signature of each party's counsel, the responding parties have agreed to the proposed course of action set forth in the attached document.

The Stipulation provides that Samedan will voluntarily develop and implement a site investigation plan, with specific deadlines for conducting such activity. In the interim, the case will be dismissed so that the investigation may be conducted in a non-adversarial context. The case may be re-filed if the matter is not resolved voluntarily to the Division's satisfaction.

Although you have represented that the Environmental Bureau will not agree to a dismissal of this matter, we urge you to concur in the requested relief. The proposed Stipulated Conditional Dismissal provides a specific time line for action on the property, and does not preclude the Division from taking further action. In addition, by discussing the matter with Mr. Bill Olson, you can confirm that Samedan has already started the process of developing the site investigation plan, and will begin the process of seeking approval of the plan and implementing it as soon as the proposed Stipulated Conditional Dismissal is entered.

Please let me know if you have any questions. Mr. Kellahin, Mr. Hall, and I will make ourselves available at your convenience to discuss the matter if you would like.

David Brooks, Esq.
Oil Conservation Division
April 4, 2003
Page 2

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul R. Owen", with a stylized, cursive script.

Paul R. Owen

cc: Arnold J. Johnson, Esq. (via facsimile)
J. Scott Hall, Esq. (via facsimile)
W. Thomas Kellahin, Esq. (via facsimile)
Mr. Michael Stogner (via hand delivery)

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF THE NEW MEXICO
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MEXICO.**

RECEIVED

APR 9 2003

Oil Conservation Division

CASE NO. 13004

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The parties stipulate as follows:

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4. If, within 90 days of the Division's receipt of the results of the site investigation plan, one or all of the parties have not initiated such steps to remediate any hydrocarbon contamination revealed by the results of the site investigation plan, then this case may be re-filed.

5. If any of the steps required in paragraphs 1 through 4 herein are not taken within the time specified, or within such additional time as agreed to by the Bureau, this case may be re-filed by the Bureau. In the event that this case is refiled, Samedan, Occidental Permian, and Shell agree to pay (with each party paying an equal share) any costs incurred by the Division associated with re-publication of notice in relation to that re-filing.

6. This Stipulated Conditional Dismissal, and Samedan's agreement to formulate and implement the site investigation plan herein, are not an agreement by Samedan or any other party to take any steps to remediate the alleged contamination associated with the mobile home site identified in Exhibit A.

7. This Stipulated Conditional Dismissal, and any party's taking any steps as outlined herein, are not assumptions of responsibility for any alleged contamination or responsible person status by any party hereto.

8. No party shall use this Stipulated Conditional Dismissal, or any party's taking any steps as outlined herein, as evidence of any other party's responsibility for any alleged contamination or responsible person status.

9. The results of the site investigation plan shall not be binding on any party to determine any party's responsibility for any alleged contamination or responsible person status.

10. This Stipulated Conditional Dismissal is in the best interests of all parties for the following reasons:

a. It allows for the gathering of additional data to supplement the incomplete study commenced by the Environmental Bureau;

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e. It demonstrates to the public that the Division is causing this case to move toward a conclusion.

IT IS THEREFORE ORDERED THAT:

Case No. 13004 is hereby Dismissed WITHOUT PREJUDICE to the Bureau to re-file this case under the conditions set forth herein.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

S E A L

AGREED AND STIPULATED:

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DIVISION

By David K. Brooks

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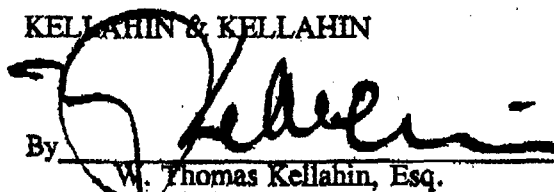
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ATTORNEY FOR SHELL
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COMPANY

Geary Johnson Well (Hobbs, NM)

arrived at 0940 with Rayon Anderson

Wayne King } OGD
 Jack Ford }
 Bruce Williams }

met with Geary Johnson (Landowner) about asphalt
 + signs in property, need to identify
 water well in south west corner of property
 some trunk bottoms spread on surface
 dig for photos (1-5) ~~at~~
 hit free oil in place and hole in old
 asphalt pad for fuel history

Altitude wells adjacent to site (square #6)

One well - North Hobbs (G/SA) Unit
 #28-332

Unit G, Sec 26, T16S, R38E

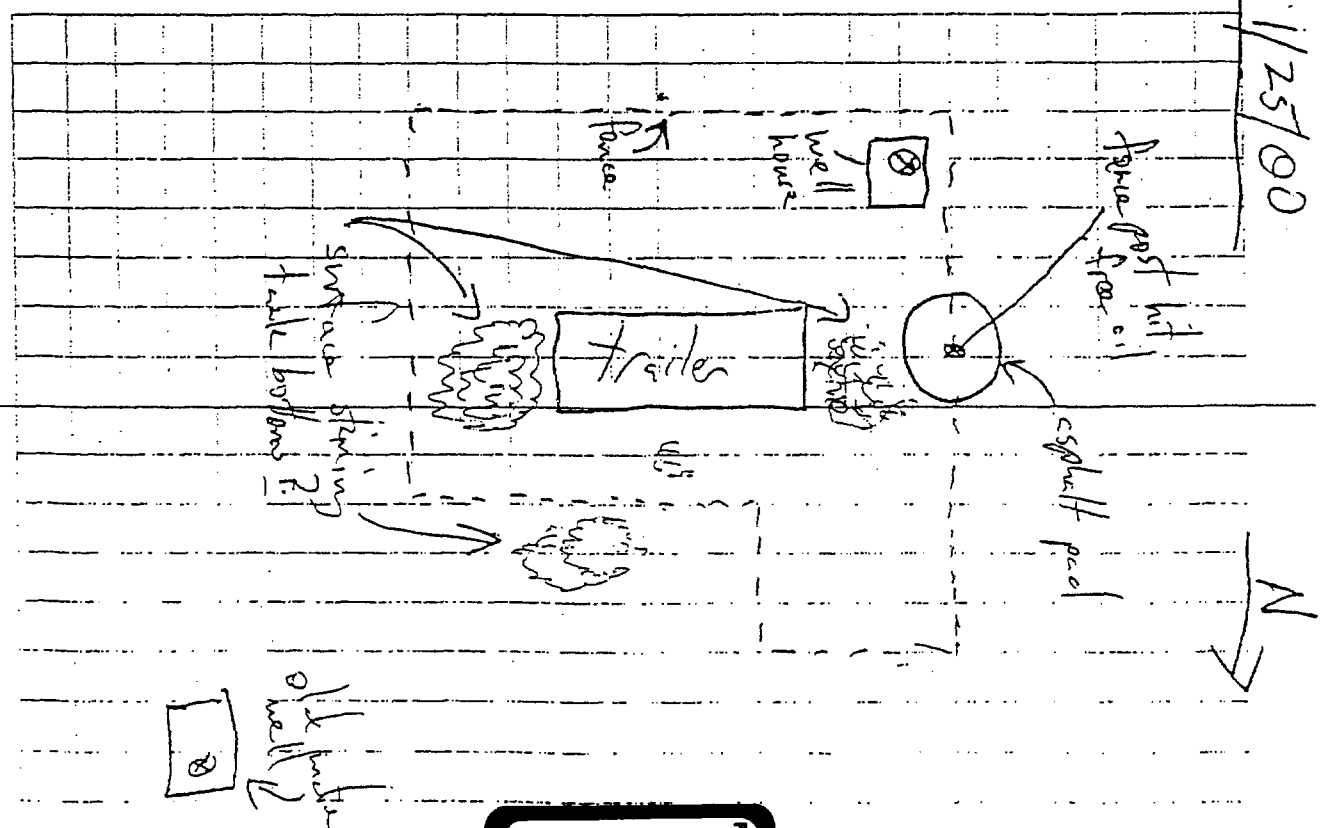
Sampled water well

Sample id 0001250950

Samples - 8021 (BTEX)

- cad. sw. min.
 - metals

1/25/00



Bill Olson Field Book #5

0/25/02 Gary Johnson Residence

carried to 1100 hrs with Gary Johnson
met with Mike Nawell, Sanderson, Nawell
Detrick Nelson, Cox & Nelson
McMahon provided city aerial photos of site
100% sample of surface contamination
from old tank battery on property

B4-1-6 inch

finger
surgical hole in my septum to be
heavily contaminated by Mr. Johnson

Simple depth, 6

Sample block, Tarry, 30024, H₂O₂ action

Sample id - 0206251150

Singles - BTEX

7/14
m/z 1

B14-1-14

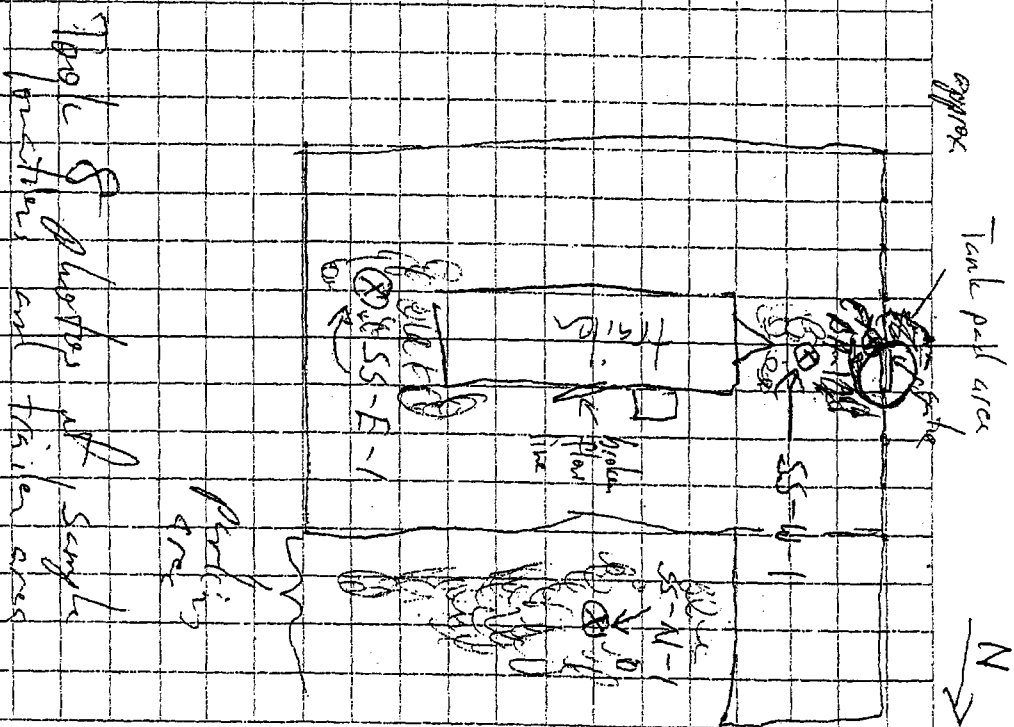
Simple	depth	1	ft.
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Sample, black, gray, sooty, Heiden

Shugb rd - 020625 ~~020625~~ 12-10

Simple - BTEX.

1/17
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Bill Olson - Field Notes

SS-W-1

West side of trailer

surface sample 1-2

sample black, asphaltic, HC odor

sample id - 020625/240

sample - BTX

TPH

metals

SS-N-1

North side of trailer in

parking area

surface sample 1-2

sample black, asphaltic, HC odor

sample id - 020625/305

SS-E-1

East side of trailer

surface sample 1-2

sample black, asphaltic, HC odor

sample id - 020625/250

samples - BTX

TPH

metals