

September 28, 2005

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

SUBJECT: Closure plan for Guadalupe Operating Yates Federal Tank Battery
O 6-20s-21e – API #30-015-01027

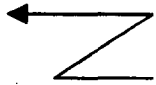
27e

Dear Mr. Bratcher,

Allstate Environmental Services has been contracted by Guadalupe Operating to clean up what is apparently chlorides contamination along the west and southwest fence line of the subject tank battery.

Allstate plans to scrape up the impacted soil to a depth that the bottom of the uncovered area indicates through lab sampling to be at or below 2,000 ppm chlorides. The uncovered area will then be backfilled with clean native soil and leveled to grade.

Any questions or concerns with this plan may be addressed to Rob Elam with Allstate Environmental Services at 432-559-8079 or by email at allstateenviro@sbcglobal.net.

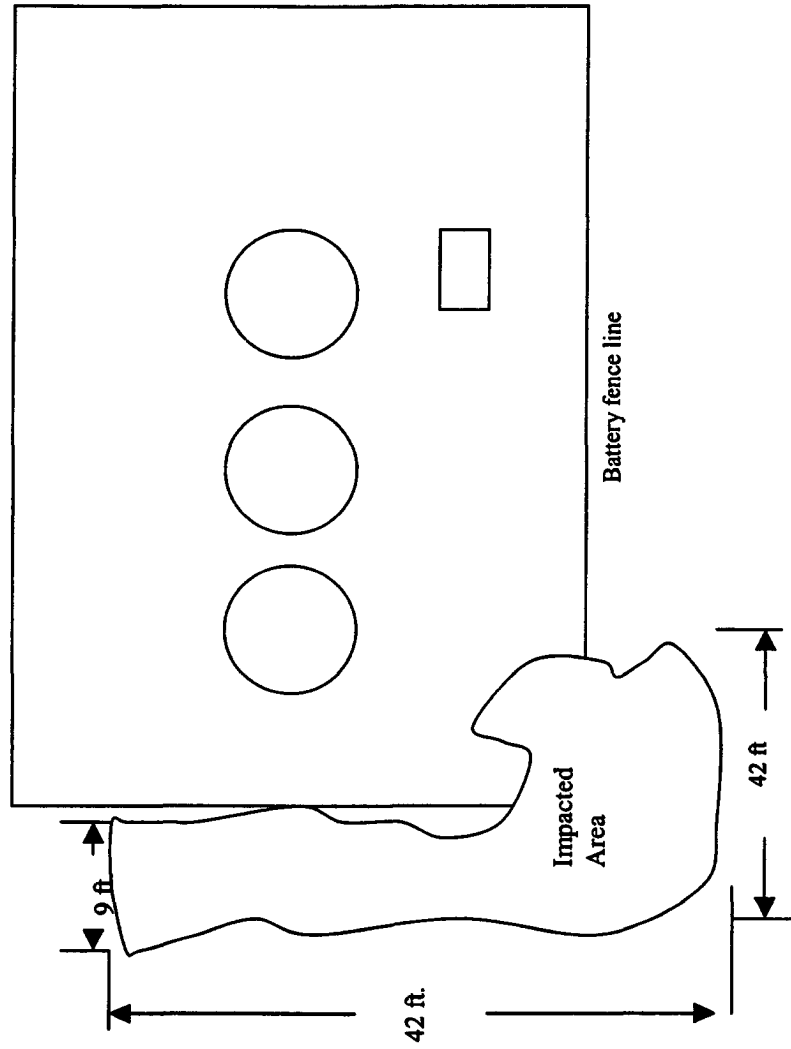


Guadalupe Yates Battery

30-015-01027

Drawing of Site and Contaminated Area

9-26-05





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 Co.
1407 Cuthbert Ave.
Midland TX 79701

October 17, 2005

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

Operator,

The NMOCD District 2 office (OCD) is in receipt of a brief remediation work plan submitted by your agent, Allstate Environmental Services, proposing remediation of contaminants at the above referenced well site. The work plan does not include the proposed disposition of contaminated materials, and proposes a Remediation Level for chloride contamination of 2000 ppm. The following stipulations apply to this proposal/project:

1. WQCC guidelines dictate that ground water may not be impacted at levels above 250 mg/L. Ground water information indicate this well site is in a possible shallow ground water area. Proposed remediation levels for chlorides of 2000 ppm is not acceptable.
2. Contaminated materials are to be hauled to an OCD approved disposal facility or an alternate proposal submitted.
3. The well site is situated in Range 27E, not in Range 21E as indicated on work plan proposal.
4. Notify the OCD 24 hours prior to commencement of remediation activities.
5. Notify the OCD 24 hours prior to obtaining samples where analysis of samples is to be presented to the OCD.
6. Work on project is to commence no later than November 1, 2005.
7. A final report is to be submitted to OCD upon satisfactory completion of project.

Please be advised that acceptance of documents and/or work plan proposals 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 of documents and/or work plan proposals 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

NMOCD District 2

1301 W. Grand Ave.

Artesia, NM 88210

(505) 748-1283 Ext 108

(505) 626-0857

Mike.Bratcher@state.nm.us

cc: Operator 10/12/05
Imaged

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505
Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>