

10/17/05

Mike:

30-015-10322

The CBS Operating "North Square Lake Unit #5" injection well is located in UL-L (NW ¼ of the SW ¼) Section 20, T16S, R31E. The geographic location is: N 32° 54.278'; W 130° 53.835'.

A 1 to 2-bbl release of produced water occurred at this location on October 12, 2005. The release affected area is approximately 2500-ft², all within the well pad area.

The well pad is elevated in relation to the surrounding pasture areas. In the event of a larger volume release or a major rain event, there are three areas (north, west and south) where surface contamination from the pad would runoff into the pasture areas. Runoff to the east would progress down a sunken caliche access road, not affecting pasture land.

Based on the significant surface crystallization of the released NaCl, I suspected that the near surface of the pad was underlain by an impermeable layer, thus the released PW evaporated from the surface rather than soaking in. A quick investigation revealed a historical asphaltine layer ~3-in below the well pad surface.

As per our telephone conversation last Friday, I am recommending, on behalf of CBS Operating, that remediation of the well pad be limited to scraping the top 1-inch of the affected pad area. This material will be blended with available clean soil (NE corner of the pad) and utilized to construct runoff protective berms on the north, west and south perimeters of the pad. Please advise as to the acceptability of this recommendation.

Thank you for your consideration and assistance in this matter.

John Good, Consultant
Ocotillo Environmental, LLC



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

CBS Operating Corporation
PO Box 2236
Midland TX 79702

October 17, 2005

Reference: North Square Lake Unit 005 L-20-16s-31e 30-015-10322 Compliance #: CLB0528546261

Operator,

The NMOCD District 2 office (OCD) is in receipt of a Remediation Proposal (work plan) for remediation of contaminants at the above referenced well site. The work plan was submitted by your agent, John Good, with Ocotillo Environmental, LLC. The work plan is accepted as presented with the following stipulations:

1. Notify the OCD 24 hours prior to commencement of remediation operations.
2. Notify the OCD 24 hours prior to obtaining samples if analysis of samples is to be submitted to the OCD.
3. Submit a final report upon satisfactory completion of project.
4. Remediation work is to commence no later than November 1, 2005.

Please be advised that acceptance of documents and/or work plans 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, acceptance of documents and/or work plans 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

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