



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director

Oil Conservation Division

COG Operating, LLC
550 W. Texas Ave. Suite 1300
Midland TX 79701

October 14, 2005

Reference: Keystone 004 F-32-20s-28e 30-015-28183 Incident # nMLB0514438151
 Keystone 001 G-32-20s-28e 30-015-22218 Incident # nMLB0512230909

Operator,

The NMOCD District 2 Office (OCD) is in receipt of an Assessment Report and Work Plan for Remediation (Work Plan) prepared and submitted to the OCD by your agent, Highlander Environmental Corp. The Work Plan proposes procedures for the remediation of contaminants present at each of the above referenced well sites.

USGS Depth to Groundwater information indicates that these well sites are situated in an area that has a possibility of encountering groundwater at depths of less than 50' bgs. The proposed Recommended Remediation Action Levels (RRAL) for TPH is 1,000 mg/kg. As stated in my letter dated May 24, 2005, chloride levels at these sites must be addressed in a manner to insure that groundwater cannot be impacted above the New Mexico Water Quality Control Commission standard of 250 mg/L.

It is the OCD's position that the RRAL for TPH at these sites should be 100 mg/kg and that, referencing the soil analysis presented, the vertical extent of chloride contaminants has not yet been fully delineated. At the Keystone #004, chloride levels were being encountered above 250 mg/kg at depths of 15' to 16' (BH-2 and BH-3). At the Keystone #001, only one borehole was advanced with chloride levels of over 2,500 mg/kg encountered at the 10'-11' sample point.

At this time the Work Plan is accepted with the following stipulations and/or changes:

1. RRAL for TPH is 100 mg/kg
2. RRAL for Benzene is 10 mg/kg with BTEX being 50 mg/kg
3. RRAL for Chlorides will be based on WQCC Guidelines.
4. Contaminated materials are to be transported to an OCD approved disposal facility.
5. Remediation work is to commence no later than November 7, 2005.
6. OCD District 2 office is to be notified 24 hours prior to commencement of remediation activities.
7. OCD District 2 office is to be notified 24 hours prior to obtaining samples where analysis of such samples are to be presented to the OCD.
8. A Final Report form C-141 is to be submitted to the OCD upon satisfactory completion of project.

Please be advised that acceptance and/or approval of Work Plans or documents 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. Acceptance and/or approval 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.

Mike Bratcher

Mike Bratcher, NMOCD District 2

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