NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

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

October 21, 2005

Reference: Hanson Federal 003   G-33-20s-27e   API: 30-015-21586

Operator,

The NMOCD District 2 office (OCD) is in receipt of a remediation work plan for a produced fluids release that occurred at the above referenced well site on 8/26/05. The work plan was formulated and submitted to the OCD by your agent, Highlander Environmental Corporation.

The work plan is accepted as presented with the following stipulations:

1. The proposed Soil Remediation Action Levels are accepted as follows:
   Benzene   10 mg/kg
   BTEX   50 mg/kg
   TPH   1000 mg/kg
   WQCC guidelines are to be used for acceptable chloride levels.
2. Notify the OCD District 2 office 24 hours prior to commencement of remediation activities.
3. Notify the OCD District 2 office 24 hours prior to obtaining samples where analysis of such samples are to be submitted to the OCD.
4. Contaminated materials are to be transported to an OCD approved disposal facility.
5. A Final Report C-141 is to be submitted to the OCD upon satisfactory completion of project.

Please be advised that NMOCD 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, NMOCD 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.

Remediation operations are to commence no later than November 7, 2005.

Sincerely,

Mike Bratcher

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

NMOCD Incident Number: nMLB0525954359