



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Oil Conservation Division

Kersey & Company
PO Box 1248
Fredericksburg TX 78624
Attention: Kenneth Wade

November 3, 2005

Reference: Texaco State 002 J-7-18s-28e API: 30-015-02633

Dear Mr. Wade,

The New Mexico Oil Conservation Division District II Office (OCD) is in receipt of a proposal for remediation of what appears to be an old production pit located just west of the above referenced well. Your proposal letter referenced the "Texaco-Donahue lease" and listed the site as being located in "Unit G-Section 12-T18S-R28E". The remediation site is on the South side of a Tank Battery associated with the above referenced well and located in the section, township, and range listed above.

Current information available indicates this site ranking to be 30 points (based on OCD's Guidelines For Remediation of Leaks, Spills, and Releases). This ranking makes the Recommended Remediation Action Levels (RRAL) for this site as follows:

TPH: 100 ppm

Benzene: 10 ppm

BTEX: 50 ppm

Chloride levels are required to be remediated to a level that will not allow ground water to be impacted above 250 mg/L (Water Quality Control Commission requirements).

The proposal to haul contaminated materials to a "land farm" is approved with the following stipulations:

1. Materials are to be hauled to an OCD approved disposal facility.
2. Notify OCD 24 hours prior to commencement of operations.
3. Notify OCD 24 hours prior to obtaining samples where analysis of such samples are to be submitted to the OCD.
4. Confirmation samples will be required to verify materials impacted above the RRAL have been removed to the extent that is practicable.

At this time the proposal to remediate a portion of impacted materials on site is denied due to site ranking. In the event you disagree with the site ranking applied, please submit documentation to dispute the site ranking applied.

Be advised that New Mexico Oil Conservation Division acceptance and/or approval of documents, proposals 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, New Mexico Oil Conservation Division acceptance and/or approval does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

Sincerely,

Mike Bratcher

NMOCD District II

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