



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

KC Resources Inc.
PO Box 6749
Snowmass Village CO 81615

December 20, 2005

Reference: Jones D 001 H-13-18s-26e API: 30-015-00192

Operator,

A Deputy Inspector of the New Mexico Oil Conservation Division (OCD) made a routine inspection at the above referenced well site on December 19, 2005. The inspector observed what appears to be a release or releases of produced fluids at the tank battery area.

The OCD believes that at this time, this well site is in violation of the following New Mexico Oil Conservation Division Rules and or Regulations:

OCD Rule 13 [19.15.1.13 NMAC]

OCD Rule 116 [19.15.3.116 NMAC]

OCD Rule 116.D [19.15.3.116.D NMAC]

The following is required to bring this site into compliance with OCD Rules:

1. Submit a Form C-141 Initial Report for all releases of produced fluids known to have occurred at this site. This form is to be submitted to the OCD District II office within 10 days of date of this letter.
2. Site is to be delineated for vertical and horizontal extent of contamination and type of contaminants present.
3. Site is to be ranked, based on OCD guidelines, for determining Recommended Remediation Action Levels for contaminants present.
4. A Remediation Work Plan is to be formulated based on delineation results and site ranking. Remediation Work Plan is to be submitted to the OCD District II office no later than January 20, 2006. Work Plan will be reviewed by OCD with remediation work to commence upon OCD approval of Work Plan.
5. OCD District II office is to be notified 24 hours prior to commencement of delineation/remediation activities.
6. In the event ground water is encountered at any time during the project, the OCD is to be notified immediately.

Guidelines for spill remediation may be found on the OCD website at: <http://www.emnrd.state.nm.us/oed>

Click on the following items as they appear:

Publications, Environmental Handbook, Miscellaneous Guidelines, Remediation of Leaks, Spills and Releases

If I can be of assistance in this matter, my contact information is listed below.

Sincerely,

Mike Bratcher

NMOCD District II

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