

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach
Director, Oil Conservation Division



September 29, 2015

Key Energy Services, LLC
1201 Stockton St.
Brownfield, Texas 79316
Bobby Session-Key

RE: 2RP-2618 Key Energy Services LLC (Key) BKE SWD Site
Legal: Unit H, Section 13, Township 23S, Range 27E, Eddy County, New Mexico
API# 30-015-23493

Mr. Session,

This communication is by way of addressing a written submittal by Price LLC dated 09/13/2015. This was in conjunction with a requested meeting by Price LLC to discuss offering with Oil Conservation Division (OCD) staff, which occurred on September 14, 2015 at OCD offices in Santa Fe.

Area of primary concern at this juncture, is the far Northwest corner of the site pad. Price LLC has submitted a variety of data relative to hydrocarbon contamination and of chloride contamination. It was discussed in the meeting, that approximately 1400 yards of soil has been removed from the specific area in question. It was also noted that significant chloride contamination still abides in the excavated area to an unknown depth.

It is OCD's understanding, that Key has requested a clay liner, at eight (8) inch compacted thickness, be placed in basement of excavation with refill to surface following this endeavor. It has been discussed that this liner will be placed at four (4) foot depth. OCD personnel were on site September 16, 2015. It is not apparent that this discussed four (4) foot depth in the excavation has been obtained. Overall the current excavation depth looks to be perhaps 2.5 to three foot in depth.

Regardless, if Key wishes to place the above referenced clay liner at four (4) foot depth, the OCD has no issue, and Key may proceed. It is noted, that additional vertical and horizontal delineation must occur in the excavation area. This would entail boring through the placed liner to evaluate soils at additional depth and beyond current wall of excavation. This notification does not preclude, additional site wide vertical and horizontal delineation, which may include an evaluation of groundwater.

December 28, 2016

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OCD thanks Price LLC and Key Energy for their efforts to this time. We look forward to working, in close communication, with both parties on the continued delineation and evaluation of possible contamination on this site.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Bradford Billings', with a stylized flourish at the end.

Bradford Billings

Hydrologist- OCD Santa Fe Office for District II Artesia Office

cc: Mike Bratcher, OCD, District II
Jim Griswold, OCD, Santa Fe
Wayne Price, Price LLC