



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 Suite 1300
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April 13, 2005

Reference: Keystone 004 F-32-20s-28e API: 30-015-28183
Reference: Keystone 001 G-32-20s-28e API: 30-015-22218

Operator,

An inspection was made on the above referenced wells on April 12, 2005. The Keystone 004 has produced fluids standing in the entire tank battery bermed area. A valve on the fiberglass tank in the battery has a steady leak. Judging by the amount of salt type residues at the battery, this leak has been ongoing for a long period of time. A phone call was made to your office this morning instructing your company to repair the leak and remove all free standing fluids.

The tank battery area and the area at the heater treater on the Keystone 001 is heavily contaminated. Releases at both sites appear to be more than 5 bbls in volume and are reportable under NMOCD Rule 116.

Please submit a Form C-141 Release Notification and Corrective Action on both sites upon receipt of this letter.

Also a remediation workplan for the clean-up of both sites is to be submitted to the NMOCD District 2 office no later than 5/12/2005. This workplan must contain a site ranking for the area and goals for remediation. The work plan is to be based on a publication that may be found on the NMOCD web site. The web site address is <http://www.emnrd.state.nm.us/ocd> The publication is titled "Guidelines for Remediation on Leaks, Spills, and Releases. This publication is listed under Publications/Environmental Handbook/Miscellaneous Guidelines/Spill Prevention Clean up.

The work plan will be reviewed by this office and approved, disapproved, or approved with stipulations. A completion of operations date will be included.

This office required 24 hour notice prior to any remediation work being performed or samples obtained where analysis of such samples will be submitted to the NMOCD.

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

A handwritten signature in cursive script that reads "Mike Bratcher".

Mike Bratcher
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