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12/09/2010

Mr. James B. Campanella
Judah Oil, LLC
611 W. Mahone, Suite D
Artesia, NM 88211

RECEIVED

DEC 13 2010

HOBBSUCD

Re: **BL-1987 Environmental Requirements**
Judah Oil, LLC

Pt. E ½ SE ¼ Section 28, Township, 17 South, Range 28 East
Eddy County, New Mexico

Dear Mr. Campanella:

It has come to our attention that ConocoPhillips seeks to utilize State Trust land for a tank battery/saltwater disposal facility on the Business Lease of the above described NM State Trust Land property. This letter is to simply remind Judah Oil, LLC that the SLO requires the Grantee to use all reasonable and necessary safeguards to prevent contamination/pollution of soil, surface waters, and groundwater.

Contamination Prevention Infrastructure

To prevent spills from contaminating soils and ground water, spill control infrastructure is required as listed below:

Newly Installed Pumps, Motors and Storage Tanks – Newly installed pumps and motors shall be placed within berms on an impermeable surface.

Trucking Hookup Infrastructure - All areas where the product is loaded or unloaded from a tank truck shall have a containment basin (such as a drum, barrel or a lined sump) of sufficient capacity to capture liquids released from transfer line. This containment basin shall be kept free of liquids

As the easement holder of record, you have incurred certain obligations which include using "all reasonably necessary safeguards to prevent contamination or pollution of soil, surface waters, and groundwater." To achieve this requirement the easement surface shall be maintained in a "clean" condition, free of stained soils and spills.

Berms and Catchments – All operations on the Easement premises shall be bermed for spill control and surface runoff control. The berming shall be a minimum of two (2) feet above ground level and prevent spills and surface water runoff from migrating to nearest local watercourse/watershed. A lined catchment within the bermed area shall be maintained and all operators shall be informed in writing of the required operational procedures for the proper handling of spills.

Tank Containment Infrastructure - All vessels, such as storage tanks, holding drums for chemical additives, etc. shall be located on an impermeable area, the volume of which shall hold 1.5 times the maximum volume of the storage capacity of the tank(s) located within impermeable area. The impermeable surface shall drain to a sump. The sump shall be maintained with a minimum level of fluids, including meteoric precipitation. The Grantee shall have the option to permanently locate a sump pump,

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maintain a portable sump pump at the site or utilizing a vacuum truck to eliminate fluids from the sump. Should the Grantee choose to utilize a vacuum truck, all Easement operators shall receive in writing procedures for notification of a vacuum truck should fluids exist.

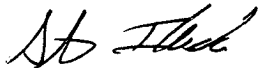
Trucking Hookup Infrastructure - All areas where the transfer of fluids from tank trucks to the disposal facility shall be lined with an impermeable surface draining to a sump that is pumped, via a permanently located sump pump, to storage tanks, or the Easement well. For each station where a connection exists for the transfer of fluids from a tank truck to the facility the impermeable surface shall be no less than 0.5 times the length of the longest truck utilized and 1.5 times the width. The connection point shall be located on the impermeable surface and appropriate curbing is required to direct larger volume spills on the impermeable surface to the sump.

Facility Pipeline - All pipelines at the facility shall be located above ground; all buried pipe shall be double lined or in a continuous sleeve that discharges to an impermeable surface that reports to a sump.

Impermeable Materials and Sump Requirements - All impermeable surfaces shall be constructed of materials approved in writing by the Grantor; the following guidelines shall apply: HDPE liner of thickness equal to or greater than 20 mm, concrete of thickness capable of supporting 1.5 times the load applied, or other material to be approved by the Grantor. HDPE liners are best utilized as a single sheet with no penetrations, however shall be welded at all seams if necessary and checked for integrity. Operators shall be notified in writing of precautions required to maintain liners free of penetrations and in good condition. Under no circumstances shall a clay lined facility be accepted. A suitable subgrade material, such as ¾ inch minus aggregate, shall be utilized to maintain the long-term integrity of all liners. If necessary, a suitable material and/or structure shall be placed on top of all liners, capable of supporting 1.5 times the weight of the load applied. A sump shall be placed in or on the impermeable area and shall be maintained with a minimal level of fluids.

If you have any further questions regarding environmental issues surrounding BL-1987 please feel free to contact me.

Sincerely,



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Cc: Jimmy Neece, District Resource Manager, NMSLO
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