FASKEN OIL AND RANCH, LTD.

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Jimmy D. Carlile
Regulatory Affairs Coordinator

December 19, 2011

INFORMATION ONLY

Mr. Geoffrey Leking
New Mexico Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

Dear Mr. Leking,

Re: Fasken Oil and Ranch, Ltd.
James O'Neill Tank Battery Spill
Remediation Plan

On December 6, 2011, a water leg on a separator at the James O'Neill tank battery froze sending all produced fluids directly to the oil tank at the battery. This influx of fluids caused the oil to float out of the thief hatch and on the ground inside the firewall. A total of 60 barrels of oil was spilled; however, we did recover 50 barrels. No produced water was involved in this event.

A similar spill occurred at this battery in July, 2007. See the attached work plan which was used to clean up that event. Note that the hard caliche layer is only 18 inches deep at this site. Fasken dug out the contaminated material and hauled it to a landfarm for disposal. No other spills have taken place at this battery since this cleanup has occurred.

We propose to do the same type cleanup on this spill. We have already dug out and hauled away the oily contaminated soil to the caliche layer. We are asking your approval to now backfill the excavation with clean material.

If you have any questions concerning this plan, please contact me at (432) 687-1777 or jimmyc@forl.com.

Yours truly,

Jimmy D. Carlile
Regulatory Affairs Coordinator

I. Company Contacts

NAME	Company	Telephone	E-mail
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Bob Allen	SESI	505-397-0510	ballen@sesi-nm.com

II. Background

Safety and Environmental Solutions, Inc. (SESI) was engaged by Fasken Oil and Ranch, LTD. to perform cleanup services at the James O' Neil Tank Battery. The facility was affected by a tank overflow, which occurred on July 30, 2007. Approximately 43 barrels of produced oil was released, 35 barrels were recovered.

III. Surface and Ground Water

The closest groundwater of record listed with the New Mexico office of the state engineer is located in the same section, range and township. The depth of water in this well was 60' in 1956.

IV Soils

The surface soils in the area are predominantly sand and sandy loam.

V. Work Performed

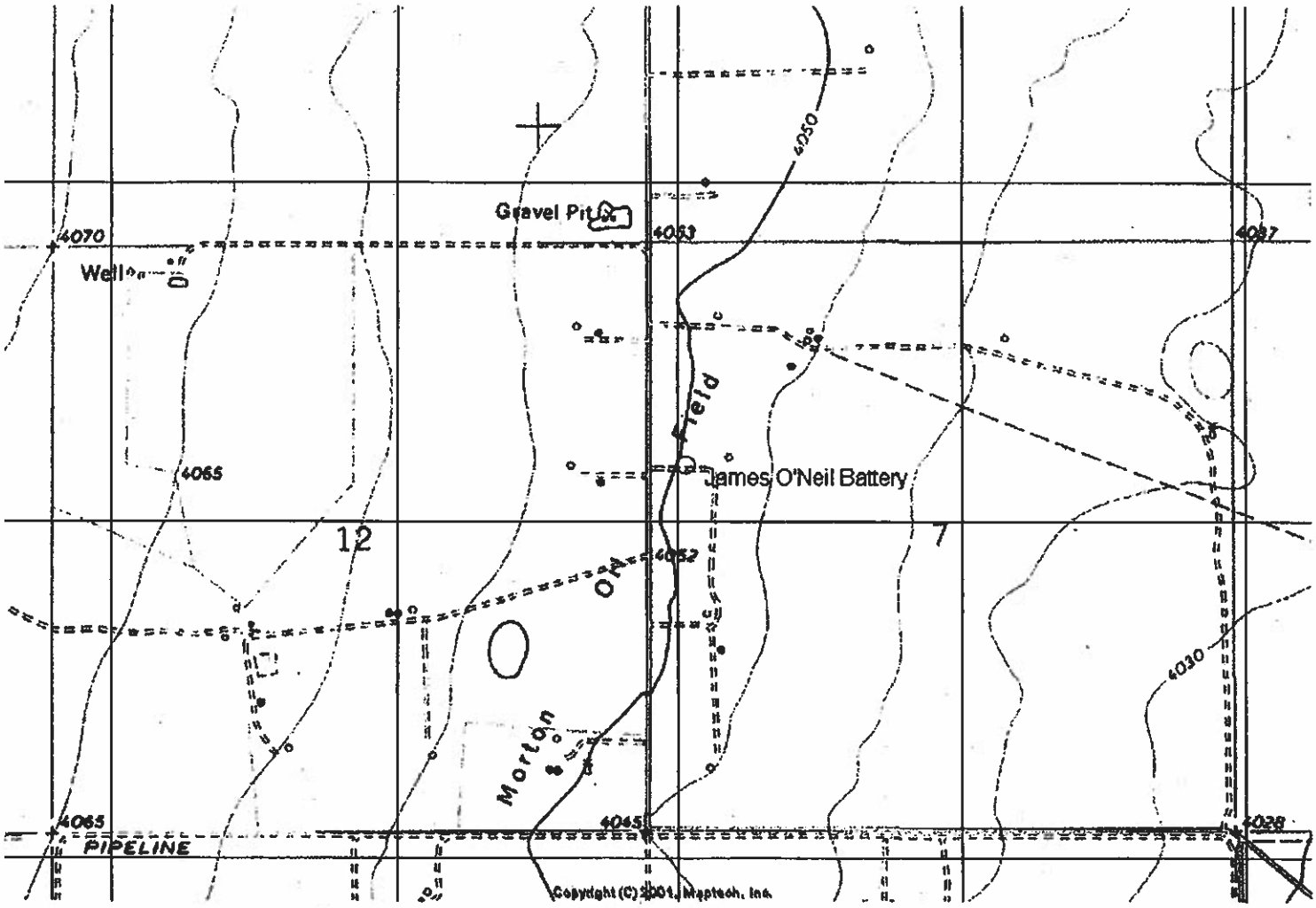
On September 28, 2007 SESI installed 3 test trenches in the spill area. All of the trenches were installed to a depth of 18", where a caliche layer was encountered. During installation of the trenches historical staining was encountered at depths of 3" to 18". Samples were retrieved at the 18" depth in all trenches. All samples were properly preserved and transported under Chain of Custody to Argon Laboratories of Hobbs, New Mexico for analysis. The samples were analyzed for Total Petroleum Hydrocarbons (EPA Method 8015). The results of the analysis were as follows:

Date	Sample ID	GRO (mg/kg)	DRO (mg/kg)	TPH (mg/kg)
9/28/07	1-1½'	900	670	1570
9/28/07	2-1½'	720	400	1120
9/28/07	3-1½'	95	120	215

VI. Action Plan

It is proposed that the highly saturated/contaminated soils will be excavated. The excavated soils will be transported to an NMOCD approved facility for disposal. The excavation will then be backfilled with clean soils from offsite and contoured to grade.

Upon completion a closure report will be submitted to the NMOCD.


Gravel Pit
4070
4063
4057
Well
4050
O'Neil Field
James O'Neil Battery
4065
12
7
4052
4030
Morton
4065
4045
4028
PIPELINE
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