

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Mike Nicol
Locin Oil Corporation
25231 Grogan's Mill Rd.
Suite 500
Spring, TX 77380

2. Article Number

(Transfer from service label)

7000 2870 0000 5787 3293

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x *K Halphen*☐ Agent☐ Addressee

B. Received by (Printed Name)

K Halphen

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

U.S. Postal Service

CERTIFIED MAIL RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

7000 2870 0000 5787 3293

Postage	\$ 0.87
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	0
Total Postage & Fees	\$ 5.12



Sent To

Mr. Mike Nicol, Locin Oil Corporation

Street, Apt. No.; or PO Box No.

25231 Grogan's Mill Rd Suite 500

City, State, ZIP+4

Spring, TX 77380

PS Form 3800, May 2000

See Reverse for Instructions



United States Department of the Interior

NATIONAL PARK SERVICE

Padre Island National Seashore

P. O. Box 181300

Corpus Christi, Texas 78480-1300



IN REPLY REFER TO:

L3025(PAIS)

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

May 4, 2007

Mr. Mike Nicol
Locin Oil Corporation
25231 Grogan's Mill Rd
Suite 500
Spring, TX 77380

RE: Site Inspection of South Sprint Operations at Padre Island National Seashore

Dear Mr. Nicol:

On April 20, 2007, National Park Service (NPS) personnel conducted a site visit of the Locin South Sprint Operations located at Padre Island National Seashore. Numerous issues were identified that must be addressed in order to remain in compliance with the NPS approved Plan of Operations. Our concerns are listed as follows:

Contamination and Leaking containers:

- When the South Sprint facility was under the ownership of Enron Oil & Gas (EOG) issues with surface and groundwater contamination became evident, and EOG and the NPS formulated a plan to begin clean-up and monitoring activities. When Locin took possession of this facility, responsibility for the previous contamination and remediation issues was assumed by Locin. Groundwater was monitored between 1994 and 1998 and samples taken in 2004 indicated the presence of dissolved phase hydrocarbons. The most contaminated area is the groundwater under and near the tank battery. Current issues associated with contamination are described in the bullets below:
- Several instances of ground staining were observed throughout the operation site, most notably around the compressor and back separator, as well as around numerous buckets scattered throughout the site (photos 1-3).

TAKE PRIDE[®]
IN AMERICA 



Photo 1.



Photo 2.



Photo 3.

- The connection box was full of oil and water (Photos 4 and 5), and needs to be vacuumed and cleaned out. Necessary steps must be taken to prevent this box from filling in the future.



Photo 4.



Photo 5.

- A plan outlining sampling and monitoring procedures for all historic and current contaminated areas needs to be submitted by Locin to the NPS for review within 10 days of receiving this letter. Locin will be required to meet NPS sampling protocols and detection level standards for all contaminated areas. These standards are located in Appendix D of the October 2006 version of the Operator's Handbook for Nonfederal Oil and Gas Development in Units of the National Park System, which was mailed on March 29, 2007. Clean-up and monitoring activities must be reviewed and approved by the NPS prior to any sampling and monitoring activities.

Unauthorized Work Activities:

- It was brought to our attention that Locin employees or a sub-contractor entered the Locin South Sprint location on February 8, 2007 and conducted activities involving digging with a bucket loader (Photos 6-8). After these activities occurred, the park was contacted by a Locin representative requesting permission to conduct excavation activities to replace an existing flowline with a larger one. This request was granted after the park received a plan outlining the necessary steps, locations, and activities that would be entailed.
- Proposed activities must be provided to Padre Island National Seashore's Resource Management personnel a minimum of 5 days prior to the proposed activity.



Photo 6.



Photo 7.



Photo 8.

Entrance and Access Road:

- A broken pallet is located at the locked access gate that needs to be removed.
- Numerous potholes exist on the access road and one location is beginning to create a large area where water collects. These areas will need to be filled according to the standards described in the Operators Handbook for Non-Federal Oil and Gas Development.

General Condition and Area Maintenance:

- The area within and around the perimeter of the South Sprint operation site has not been mowed to create a fire break in the event of a fire event. This needs to occur on a regular basis to help keep the operation site safe in the event of wildland fire. In the event that a fire threatens the operation site, the NPS will do what it can to prevent damage to the facility but will not perform routine mowing or weed control activities that are the responsibility of the operator.
- Numerous sections of fence around the perimeter of the operation site are falling down (Photo 9), and multiple gates are not functional, are not closed, or are not locked (Photos 10-11). There are also multiple sections of fence that are completely missing and that are missing barbed wire around the top (Photo 12). The fence, gates, and barbed wire need to be repaired or replaced to provide the recommended amount of security to protect visitors and natural resources.



Photo 9.



Photo 10.



Photo 11.



Photo 12.

- Numerous pieces of consumer trash are located throughout the site, thrown on the ground (Photo 13), or in a hole that was dug and filled with garbage (Photo 14). A gauging sheet was also found wadded up and stuffed between pipes next to a gauging station (Photo 15). All trash must be removed by Locin personnel after each visit to the site.
- Unused equipment such as pipes, fittings, buckets, hose, and support beams are being stored in and around the sheds and perimeter of the location (Photos 16-18). These items need to be removed.



Photo 13.



Photo 14.



Photo 15.



Photo 16.



Photo 17.



Photo 18.

- Two fire extinguishers located at the operation site need to be replaced. The extinguisher holders are badly corroded and appear close to being unable to support the weight of the fire extinguishers (Photo 19). The tanks of the fire extinguishers are also showing advanced corrosion from exposure to salt air and do not appear to be functional.



Photo 19.

- One of the sheds in the site has a broken tie-down strap (Photo 20), as well as a non-functional door that needs to be replaced (Photo 21).



Photo 20.



Photo 21.

- A stand pipe located near the back of the site is no longer supported by guy wires (Photo 22). The wires have broken and need to be replaced. Hurricane straps on one of the sheds are also broken and need to be replaced (Photo 23).



Photo 22.



Photo 23.

- The general overall condition of the storage tanks, pipe, secondary containment, a section of catwalk, and wellhead are rusted, cracked, broken, and in some cases non-functioning or non-serviceable (Photos 24-33). All items must be repainted a color that is acceptable to the NPS to help them blend in with the natural background. Operators are required to paint their operations an NPS-approved sand or burlap color, such as Sherwin-Williams, code # 6137.

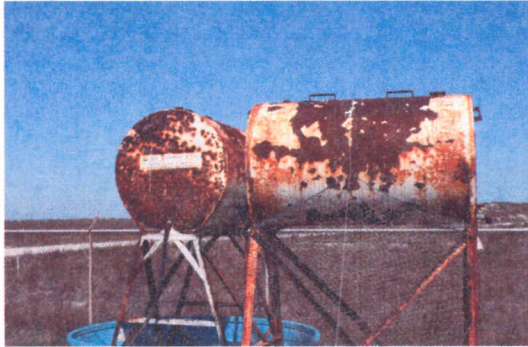


Photo 24.



Photo 25.



Photo 26.



Photo 27.



Photo 28.



Photo 29.



Photo 30.



Photo 31.



Photo 32.



Photo 33.

- A pipe fitting that has been wrapped with an unknown material has become a concern due to its weathered condition (Photo 34). If this material is in place to prevent a leak, then the fitting needs to be replaced.



Photo 34.

- A piece of rusted and corroded equipment is emitting an unknown vapor into the atmosphere (Photos 35 and 36) with a noticeably strong hydrocarbon odor detected downwind and condensate is dripping from the open end of the pipe. This equipment needs to be replaced immediately to prevent further emissions into the air and potential contamination of soil and groundwater.



Photo 35.



Photo 36.

Signage:

- Numerous signs are falling, missing, or contain outdated information throughout the entire South Sprint area. There are empty sign holders in the ground and a pipeline marker is knocked down. All signs need to be securely attached and must contain current ownership and contact information for the South Sprint operation area (Photos 37-41).



Photo 37.



Photo 38.



Photo 39.



Photo 40.



Photo 41.

Secondary containment and netting:

- Some containment tanks are not netted or the netting is falling or has holes, thus negating its purpose to prevent birds and other wildlife from entering and trying to access liquids held in the containment (Photos 42-45). All secondary containment is required to have functional netting in place that does not reach the ground or contain any gaps.



Photo 42.



Photo 43.



Photo 44.



Photo 45.

- One of the improperly netted secondary containment areas has been responsible for the death of numerous snakes (Photos 46 and 47). The skeletons are visible around the tank in question and can be seen entangled in the netting that has fallen to the ground. Netting that is properly installed and maintained will prevent these deaths.



Photo 46.



Photo 47.

- Nearly all of the secondary containment is full of rainwater (Photos 42-45 and 48-52) that needs to be removed by vacuum truck so as not to be a wildlife attractant and to prevent wildlife poisoning or soil or water contamination. The collected liquid needs to be removed after each weather or leak event.
- Several of the secondary containment areas are not holding water. In one instance it is due to a corroded and cracked metal containment tub (Photos 44 and 51). In another instance there is a bermed tank that is not properly lined and water is escaping through seams in the liner (Photo 52).



Photo 48.



Photo 49.

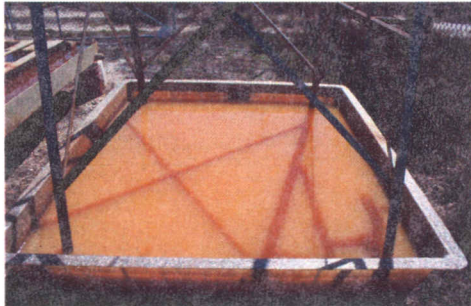


Photo 50.



Photo 51.



Photo 52.

This letter serves as official notification to Locin Oil Corporation of the above mentioned violations at the Locin South Sprint site located at Padre Island National Seashore. These violations are required to be mitigated as part of your operating plan to prevent damage to park resources and to provide for the safety of park employees and visitors and must be addressed immediately. You will have 10 days from the receipt of this letter to clean up the site to bring it back into compliance with your plan of operations. If 10 days does not provide enough time to complete the required repairs, then progress towards a sufficient plan must be demonstrated to the park at the end of the 10 days. An extension may be requested. Failure to comply with this official notification of violations may lead to fines and/or a suspension of the operation until such time as the necessary actions have been taken.

Thank you for your cooperation. If you have any questions please contact Darrell Echols or Mark Biel of my staff at 361.949.8173 extensions 223 or 234, respectively.

Sincerely,



for Betty W. Frantum
Acting Superintendent

bcc: Linda Dansby, NPS, IMSF-MOG
Carol McCoy, NPS, WASO-NRPC-GRD
Rob Eaton, DOI-SOL, Santa Fe Field Office