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CERTIFIED MAIL
RETURN RECEIPT NO. 7008 3230 0001 9310 9284

May 23, 2010

Mr. Glenn von Gonten
Senior Hydrologist/Acting Environmental Bureau Chief
Environmental Bureau
Oil Conservation Division
Energy, Minerals, and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OCD
2011 MAY 26 P 2:07

RE: Site Groundwater Assessment and Closure Report for the Drickey Queen Unit Saltwater Plant #1, Unit Letter I, Section 3, Township 14 South, Range 31 East, Chaves County, New Mexico, Operated by Celero Energy II, LP (NMOCD 1RP#1661)

Dear Mr. von Gonten:

Tetra Tech was contacted by Celero Energy (Celero) to assist in the groundwater assessment associated with a release from a former pit at the Drickey Queen Unit Saltwater Plant #1, located in Unit Letter I, Section 3, Township 14 South, Range 31 East, Chaves County, New Mexico (Site). The site is located at coordinates are N 33.13043° W 103.80167°. A *Pit Assessment and Closure Report* dated October 12, 2009 for the site was previously submitted to your office. The Site is shown on Figures 1 and 2.

Background

On October 11, 2007, Highlander submitted an Investigation and Characterization work plan for an open pit at this site. The ICP was approved by the New Mexico Oil Conservation Division (NMOCD). On November 13, 2007, Highlander submitted an additional report entitled *Workplan for Capping and Site Closure for the Pit* at this site.

The Drickey Queen Saltwater Plant #1 pit was dewatered and the residual sludge and tank bottom materials were removed in September 2007. Removed



fluids were either placed into an existing SWD system or taken to disposal. The sludge and tank bottom materials were disposed of at the Gandy-Marley, Inc. landfill site in Lovington, New Mexico. Upon completion of the removal of the fluids and sludge, the underlying soils were visually inspected for obvious signs of impact. Approximately 1,980 cubic yards of visually impacted soil were excavated and transported to Gandy-Marley, Inc for disposal. The pit was excavated to a point where the subsoil would support a soil boring rig.

On October 25, 2007, Highlander supervised the installation of soil borings at the pit. From the boring data, it was estimated that the former pit excavation measured approximately 118 feet by 126 feet.

During the week of January 8, 2008, Gandy-Marley Corporation of Lovington, New Mexico was onsite to install a 1 foot thick clay liner for the pit at a depth of 4 feet bgs. The pit area was further extended out approximately 20 feet east, 25 feet west, and 50 feet south of the original dimensions based upon the results of the borehole sampling. Upon completion of the clay liner, clean overburden material stripped from the expansion of the pit was utilized as backfill for the site and brought up to surface grade.

Groundwater Assessment and Results

On October 31, 2007, Tetra Tech personnel were onsite to oversee the installation of one monitor well at the site. The 2 inch monitor well was installed to a depth of 160 feet below ground surface approximately 5 feet into the red clay underlying the High Plains/Ogallala Aquifer. The well was completed with 80 feet of 0.02 inch factory slotted screen installed from 80 to 160 feet bgs. From 80 feet bgs to the surface, the well was completed with schedule 40 blank PVC piping. A three foot blank riser was installed above surface. The well was then properly completed to EPA protocol with a 3 foot steel riser installed over the riser. See Appendix A soil boring log and monitor well completion diagram.

On November 3, 2007, Tetra Tech personnel were onsite to gauge, develop and sample the monitor well for major anions/cations, chlorides, TDS and BTEX. However, it was found during the onsite visit that the monitor well was dry. Since 2008, the well has been gauged quarterly and remains dry. See attached Figure 3 for monitor well location.

Conclusions

As previously mentioned in the *Pit Assessment and Closure Report* dated October 12, 2009, the soils at the site were addressed with the closure of the onsite pit which was excavated, lined with clay and backfilled with clean soil in

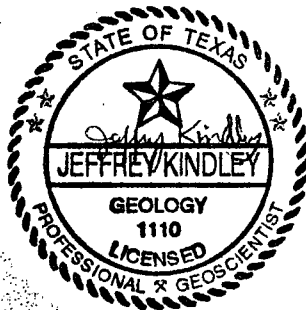


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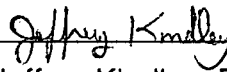
January 2008. As of this report, a response has not been received as to the status of this soils closure request.

A monitor well was installed in October 2007 and has remained dry since its installation. Since the soils have been previously addressed and no groundwater appears to be present at the site, Celero requests that the OCD consider closure of the site. Monitor well MW-1 will remain onsite in order to allow the OCD the opportunity to view and gauge the monitor well. Once the OCD has granted permission to close the site, Celero will then properly plug and abandon (P&A) the onsite monitor well.

If you require any additional information or have any questions or comments concerning the assessment/closure report, please call at (432) 682-4559.



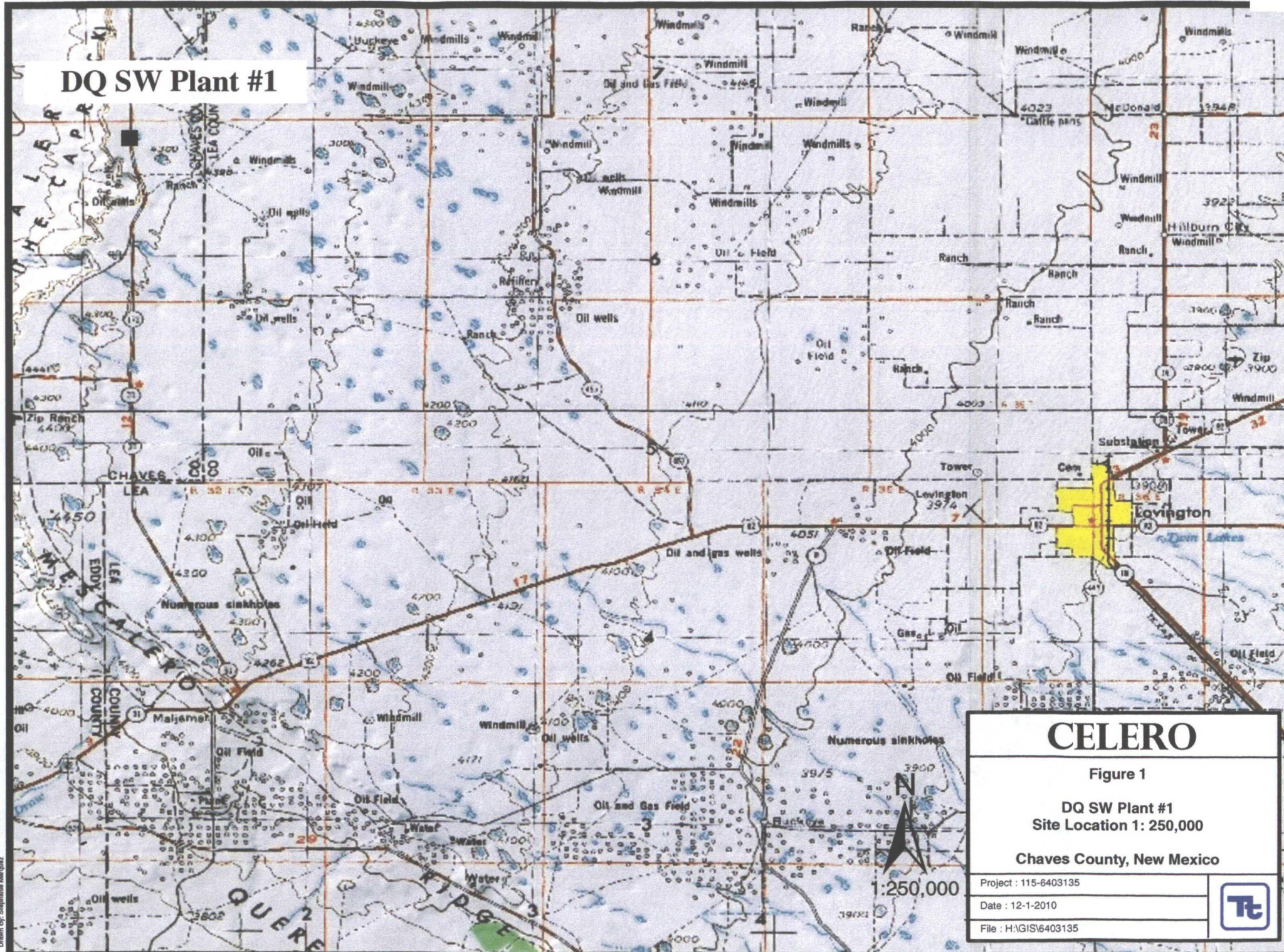
Respectfully submitted,
Tetra Tech


Jeffrey Kindley, P.G.
Senior Environmental Geologist

cc: Bruce Woodard – Celero Energy II LP

FIGURES

DQ SW Plant #1



CELERO

Figure 1

DQ SW Plant #1
Site Location 1: 250,000

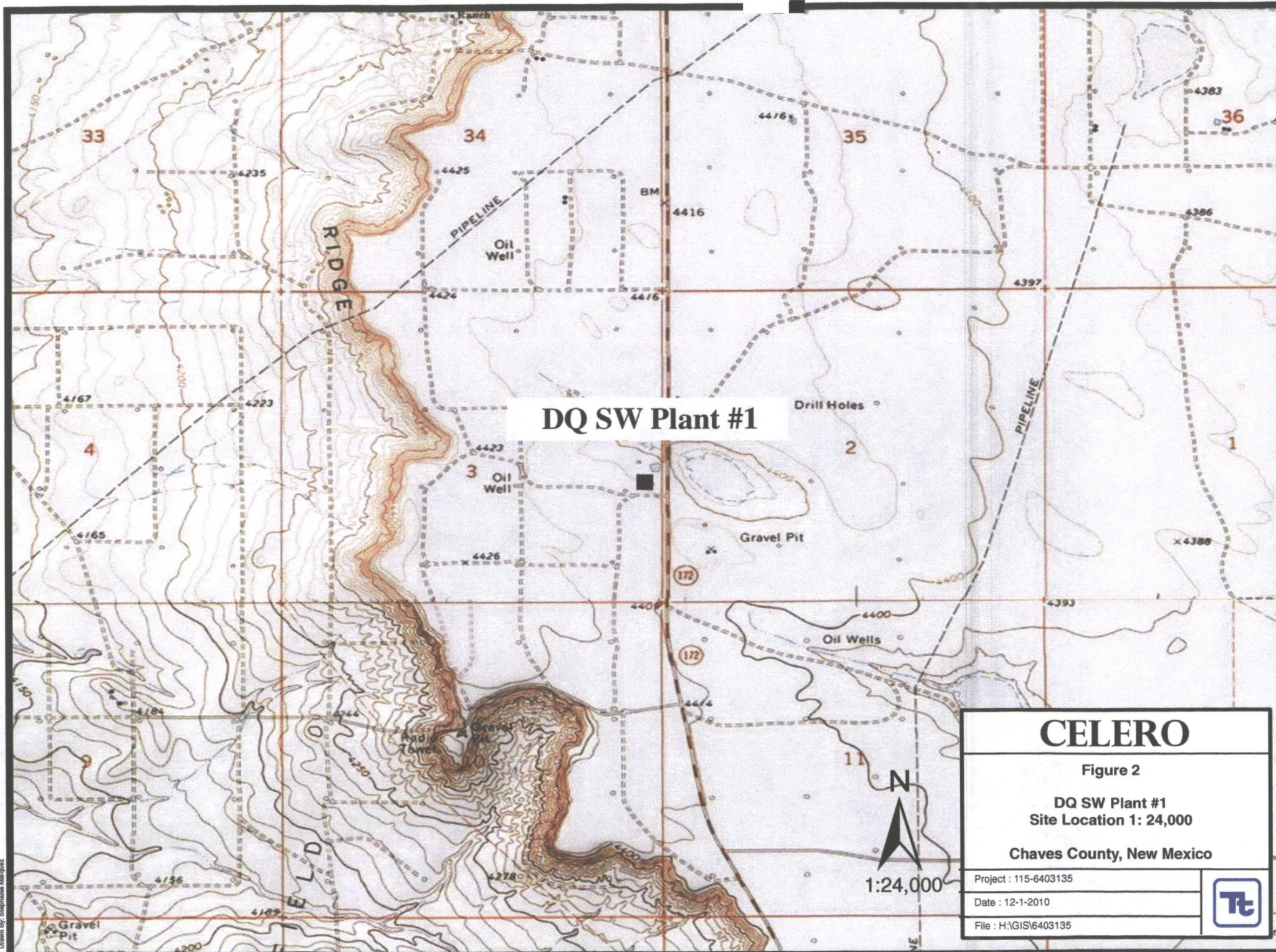
Chaves County, New Mexico

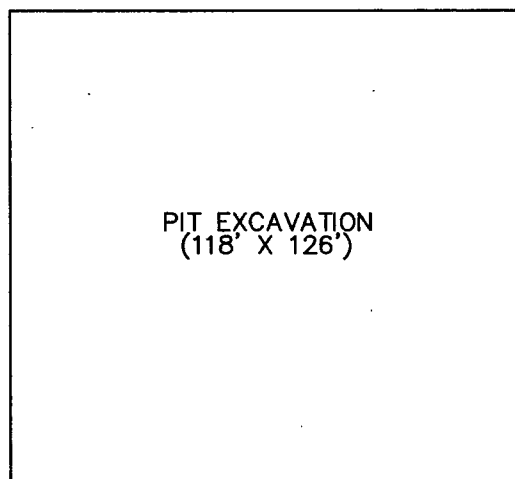
Project : 115-6403135

Date : 12-1-2010

File : H:\GIS\6403135







PIT EXCAVATION
(118' X 126')



STATE LAND

HWY 172

○ TMW-1

FIGURE NO. 3

CHAVES COUNTY, NEW MEXICO

CELERO ENERGY
DRICKEY QUEEN UNIT TRACT #1
SOIL BORING / CLAY LINER LOCATIONS

TETRA TECH
MIDLAND, TEXAS

DATE:
11/5/07
DWN. BY:
RC
FILE:
CELERO\3136\
D & UNIT #1

NOT TO SCALE

APPENDIX A
SOIL BORING LOG AND MONITOR WELL
COMPLETION DIAGRAM

SAMPLE LOG

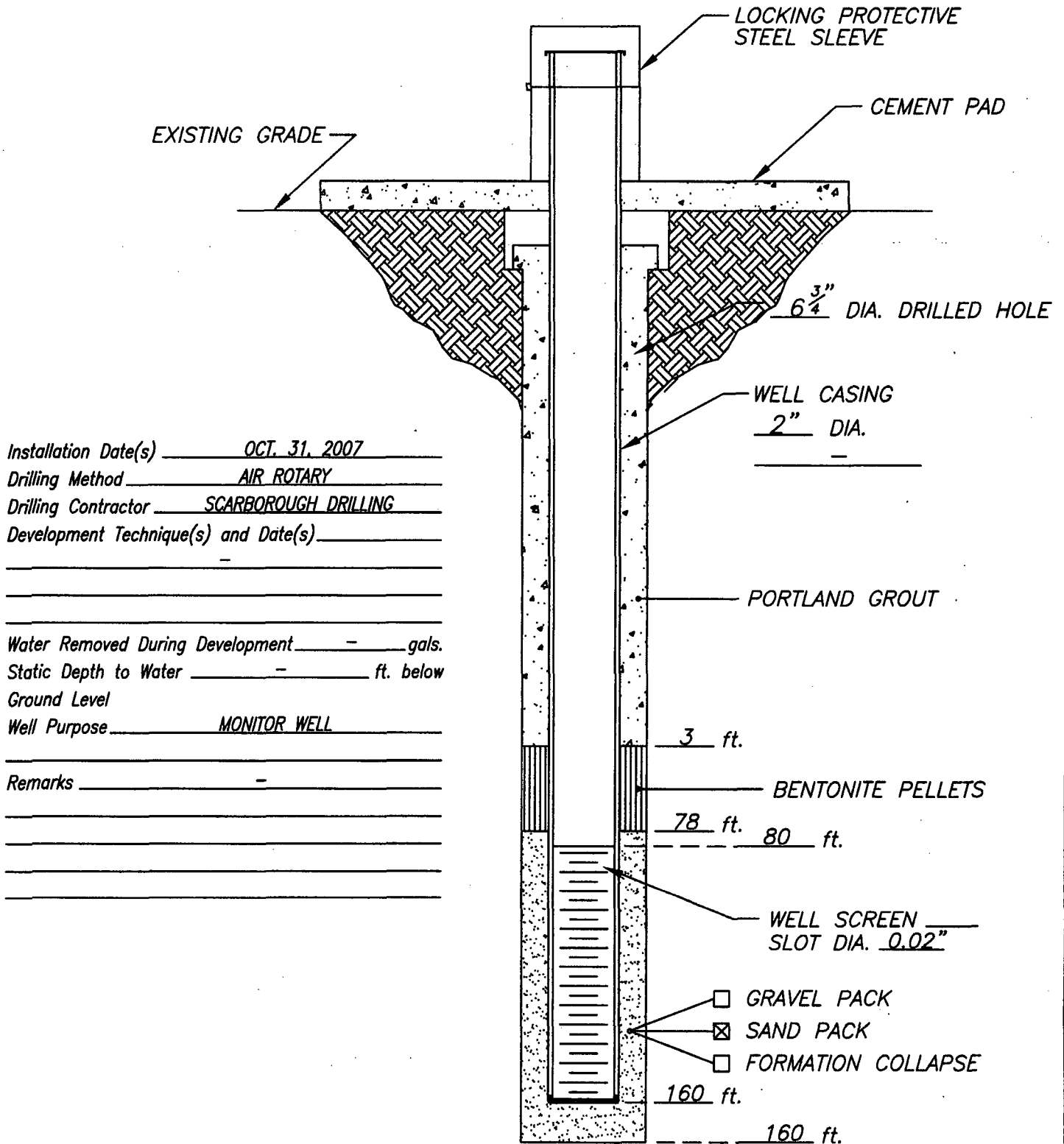
Boring/Well: MW-1
Project Number: 3135
Client: Celero Energy
Site Location: Drickey Queen Unit SWD Plant #1
Location: Chavez County, New Mexico
Total Depth 160
Date Installed: 10/31/07

DEPTH (Ft)	OVM	SAMPLE DESCRIPTION
5-10	NA	Tan/buff limestone with chert and sand intermixed
15-20	NA	Tan/buff limestone with chert and sand intermixed
25-30	NA	Tan fine grain calcareous sand
35-40	NA	Tan fine grain calcareous sand
45-50	NA	Tan fine grain well sorted sand
55-60	NA	Tan fine grain well sorted sand
65-70	NA	Tan fine grain well sorted sand
75-80	NA	Tan fine grain well sorted clayey sand
85-90	NA	Tan fine grain well sorted clayey sand
95-100	NA	Tan fine grain well sorted sand with sandstone intermixed
105-110	NA	Tan fine grain well sorted sand with sandstone intermixed
115-120	NA	Tan fine grain well sorted clayey sand
125-130	NA	Tan fine grain sand
135-140	NA	Tan fine grain sand
145-150	NA	Tan fine grain sand
155-160	NA	Red Clay (Red bed)

Total Depth is 160 feet Groundwater encountered at approximately 90 feet below ground surface

NA - Not available due to utilizing water to drill well.

WELL CONSTRUCTION LOG



DATE: NOV. 7, 2007

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CLIENT: CELERO ENERGY II LLC
PROJECT: DRICKEY QUEEN UNIT #1
LOCATION: CHAVES COUNTY, NM

WELL NO.

MW-1