

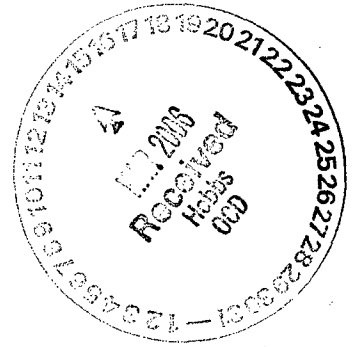
RICE Operating Company

122 West Taylor • Hobbs, New Mexico 88240
Phone: (505)393-9174 • Fax: (505) 397-1471

March 13, 2006

Mr. Paul Sheeley
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico

RE: **INVESTIGATION & CHARACTERIZATION PLAN**
EME F-29
UL/F SEC 29 T19S R37E



Mr. Sheeley:

Rice Operating Company (ROC) discovered an accidental discharge on the above mentioned site on December 29, 2005. A 6 inch asbestos-cement (AC) pipeline cracked thus releasing 100 barrels of produced water of which 20 barrels were recovered. The 6 inch AC pipeline was replaced with of PVC pipeline as a permanent repair. Regional groundwater information indicates the depth to groundwater is approximately 20 ft bgs. The surface area affected by this release was approximately 5371 sq ft.

For all environmental projects, ROC will choose a path forward that:

- protects public health,
- provides the greatest net environmental benefit,
- complies with NMOCD Rules, and
- is supported by good science.

Each site shall have three submissions or a combination of:

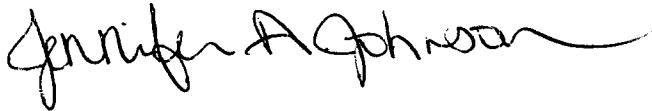
1. An Investigation and Characterization Plan (ICP) will accompany the C-141 (initial) form. This plan is a proposal for data gathering and site characterization and assessment. Highly impacted topsoil will be removed from the surface at this time and disposed of at a permitted facility.
2. Upon evaluating the data and results from the ICP, a recommended remedy will be submitted in a Corrective Action Plan (CAP). ROC will request concurrence or conditions from NMOCD with this submission.
3. Finally, after implementing the remedy, a closure report with final documentation will be submitted. This will include the C-141 (final) form. ROC will request concurrence or conditions from NMOCD with this submission.

application # PAC0603151022

ROC herein submits the enclosed ICP to address potential environmental concerns at the above-referenced site. ROC is the service provider (operator) for the EME SWD System and has no ownership of any portion of the pipeline, well, or facility. The System is owned by a consortium of oil producers, System Partners, who provide all operating capital on a percentage ownership/usage basis.

NMOCD will be notified 48 hours in advance of any significant work. Thank you for your consideration concerning this matter.

Rice Operating Company

A handwritten signature in black ink, appearing to read "Jennifer A. Johnson", with a long, sweeping horizontal line extending to the right.

Jennifer Johnson
Environmental Technician

Cc: KFP, file.

Wayne Price wayne.price@state.nm.us

Daniel Sanchez daniel.sanchez@state.nm.us

Enclosed: ICP, site map, driving directions.

INVESTIGATION AND CHARACTERIZATION PLAN

EME F-29 ACCIDENTAL DISCHARGE

UL/F SEC 29 T19S R37E

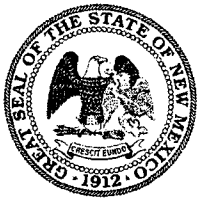
Background and Previous Work

Rice Operating Company (ROC) discovered an accidental discharge on the above mentioned site on December 29, 2005. A 6 inch asbestos-cement (AC) pipeline cracked thus releasing 100 barrels of produced water of which 20 barrels were recovered. The 6 inch AC pipeline was replaced with of PVC pipeline as a permanent repair. Regional groundwater information indicates the depth to groundwater is approximately 20 ft bgs. The surface area affected by this release was approximately 5371 sq ft.

Work Elements

- Impacted topsoil approximately 7 inches over entire 5371 sq ft was removed and disposed of at an approved facility.
- A water well inventory will be performed to encompass a half mile radius around the release site. The inventory will include a review of water well records on the New Mexico Office of the State Engineer W.A.T.E.R.S. database and United States Geologic Survey (USGS) website. Any water wells denoted on the USGS 7.5 minute topographic quadrangle map within the search radius will be inspected. If viable wells are located, they will be evaluated for the possible water level measurements and groundwater monitoring.
- Produced Water samples from the pipeline where the release occurred were taken.
- Perimeter and area of the affected surface will be defined using stakes and flagging. Perimeter samples will be taken to define the lateral extent of impact. Vertical delineation will also be conducted. These delineation activities may be performed with the following equipment but not limited to a hand auger, backhoe, and soil boring.
- ROC will employ chloride field tests and PID screenings to monitor constituents of concern on the soil samples that will be collected at regular intervals.
- Appropriate and strategic samples will be submitted for laboratory analysis for TPH, BTEX, and Chlorides and as confirmation of field tests.
- NMOCD will be notified of any significant activities 48 hours in advance.
- Delineation results from this release site will be used to form an appropriate site specific remedy and will be submitted in a Corrective Action Plan (CAP).

Following completion of the ICP, a CAP that details the site results of this ICP and includes the remedy recommendation will be submitted for NMOCD approval. ROC generally selects the remedy that offers the greatest environmental benefit while causing the least environmental impairment. When evaluating any proposed remedy or investigative work, ROC will confirm that there is a reasonable relationship between the benefits created by the proposed remedy or assessment and the economic and social costs.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 17, 2006

Jennifer Johnson
RICE OPERATING COMPANY
122 West Taylor
Hobbs, NM 88240

Re: Work Plan approval: EME F-29 Leak
Site Location: UL-F, Sec 29-T19S-R37E
Dated: March 13, 2006

Dear Ms. Johnson,

The New Mexico Oil Conservation Division (OCD) reviewed the corrective action work plan submitted by RICE Operating Company and referenced above. The plan is **hereby approved** with the following conditions:

1. RICE shall delineate Chloride horizontally and vertically to 250 mg/L or less above background.
2. RICE shall delineate the TPH and BTEX to the specifications in "Guidelines for Remediation of Leaks, Spills & Releases", August 13, 1993.
3. Rice shall investigate the groundwater for Chloride and BTEX impact.

Please be advised that OCD approval does not relieve RICE of liability should operations result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve RICE of responsibility for compliance with any federal, state or local laws and/or regulations.

If you have any questions or need assistance please write or call me at (505) 393-6161, x113 or <mailto:psheeeley@state.nm.us>

Sincerely,

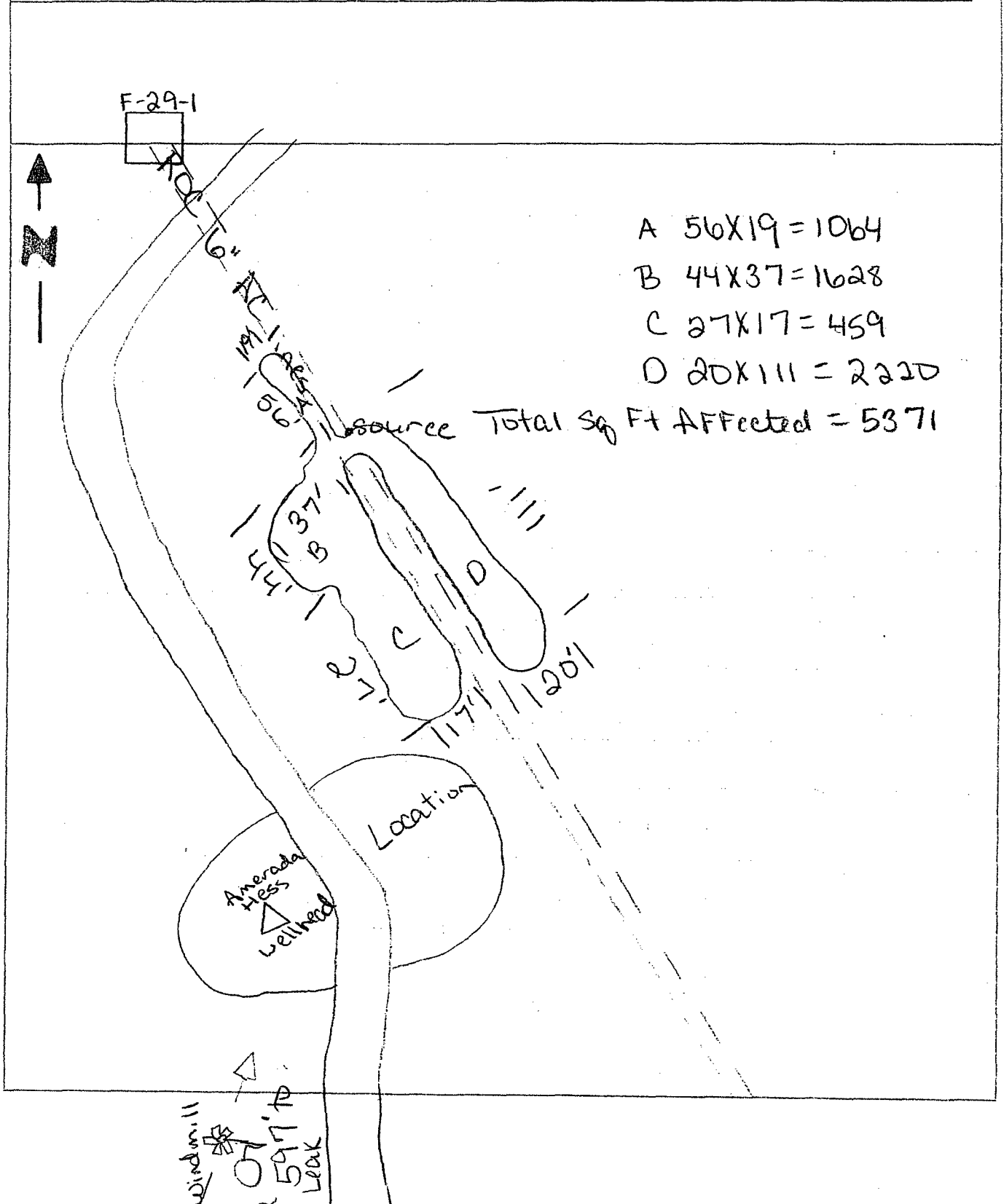
ENVIRONMENTAL ENGINEER

Paul Sheeley-Environmental Engineer

Cc: Wayne Price - Environmental Bureau Chief
Chris Williams - District I Supervisor
Larry Johnson - Environmental Engineer

CAUSE OF LEAK

Discribe cause of problem & how it was repaired. 6" A/C line Cracked, replaced with 20" 6" PVC line.



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C
Revised October 10,

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on side of

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company: Rice Operating Company	Contact:
Address: 122 West Taylor	Telephone No.: 505-393-9174
Facility Name: EME	Facility Type: SWD Gathering line

Surface Owner: State	Mineral Owner:	Lease No.:
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LOCATION OF RELEASE

Unit Letter F	Section 29	Township 19s	Range 37E	Feet from the	North/South Line	Feet from the	East/West Line	County Lea
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Latitude: 32°37.913N Longitude: 103°16.529W

NATURE OF RELEASE

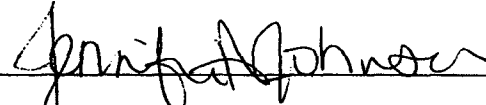
Type of Release: produced water with oil	Volume of Release: 100	Volume Recovered: 20
Source of Release: Pipeline	Date and Hour of Occurrence: 12/29/05	Date and Hour of Discovery: 12/29/05 11:55 am
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	S, To Whom? Paul Sheeley	
By Whom? Jennifer Johnson	Date and Hour: 4:00 pm 12/29/05	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse:	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* 6" A/C line cracked, replaced with 20' of 6" PVC line.

Describe Area Affected and Cleanup Action Taken.* 5371 sq ft affected. Delineation results and work plan to follow.

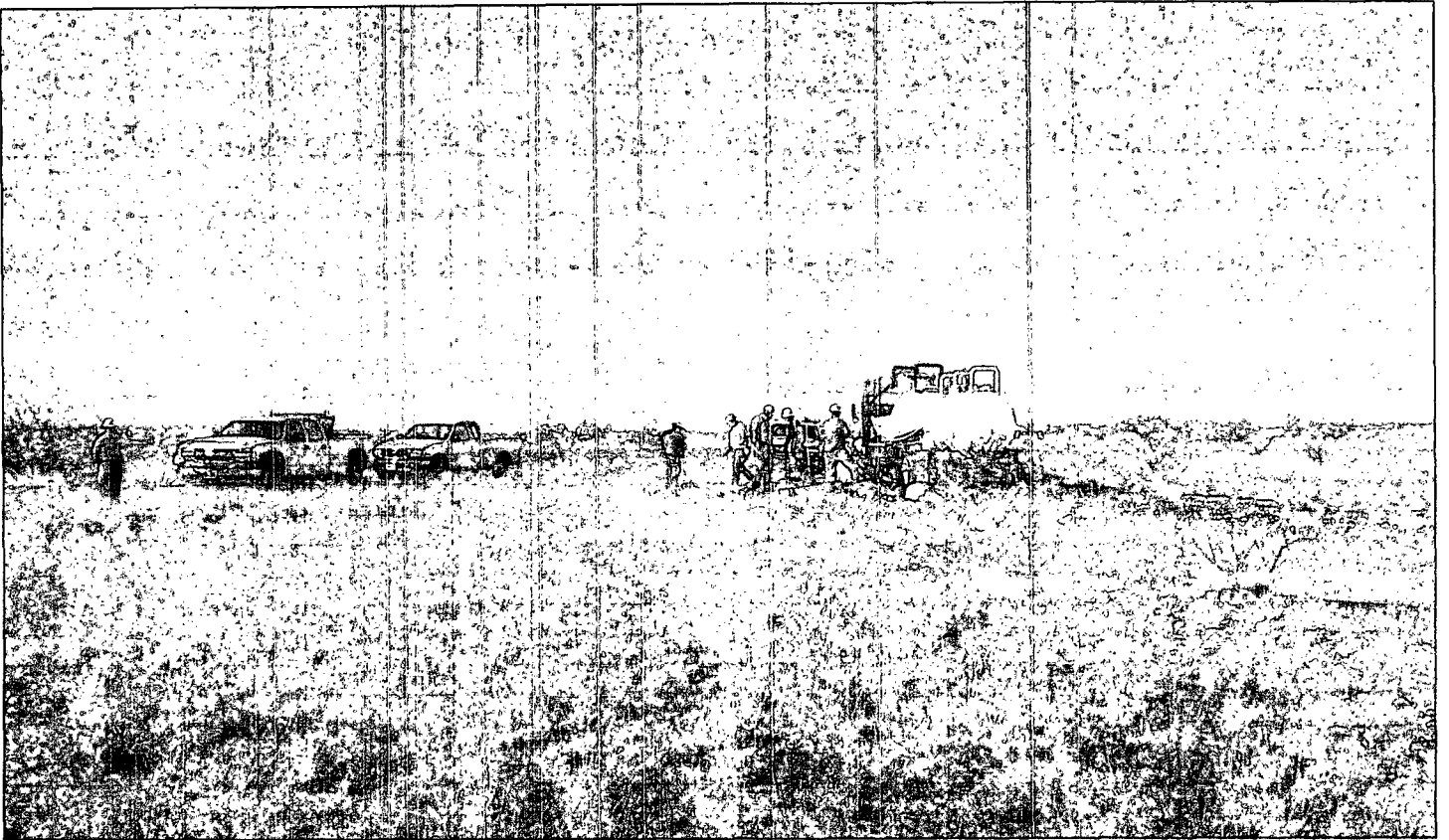
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 		OIL CONSERVATION DIVISION	
Printed Name: Jennifer Johnson		Approved by District Supervisor:	
Title: Environmental and Field Technician		Approval Date:	Expiration Date:
E-mail Address: jjriceswd@valornet.com		Conditions of Approval:	
Date: 1/03/06 Phone: 505-393-9174		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

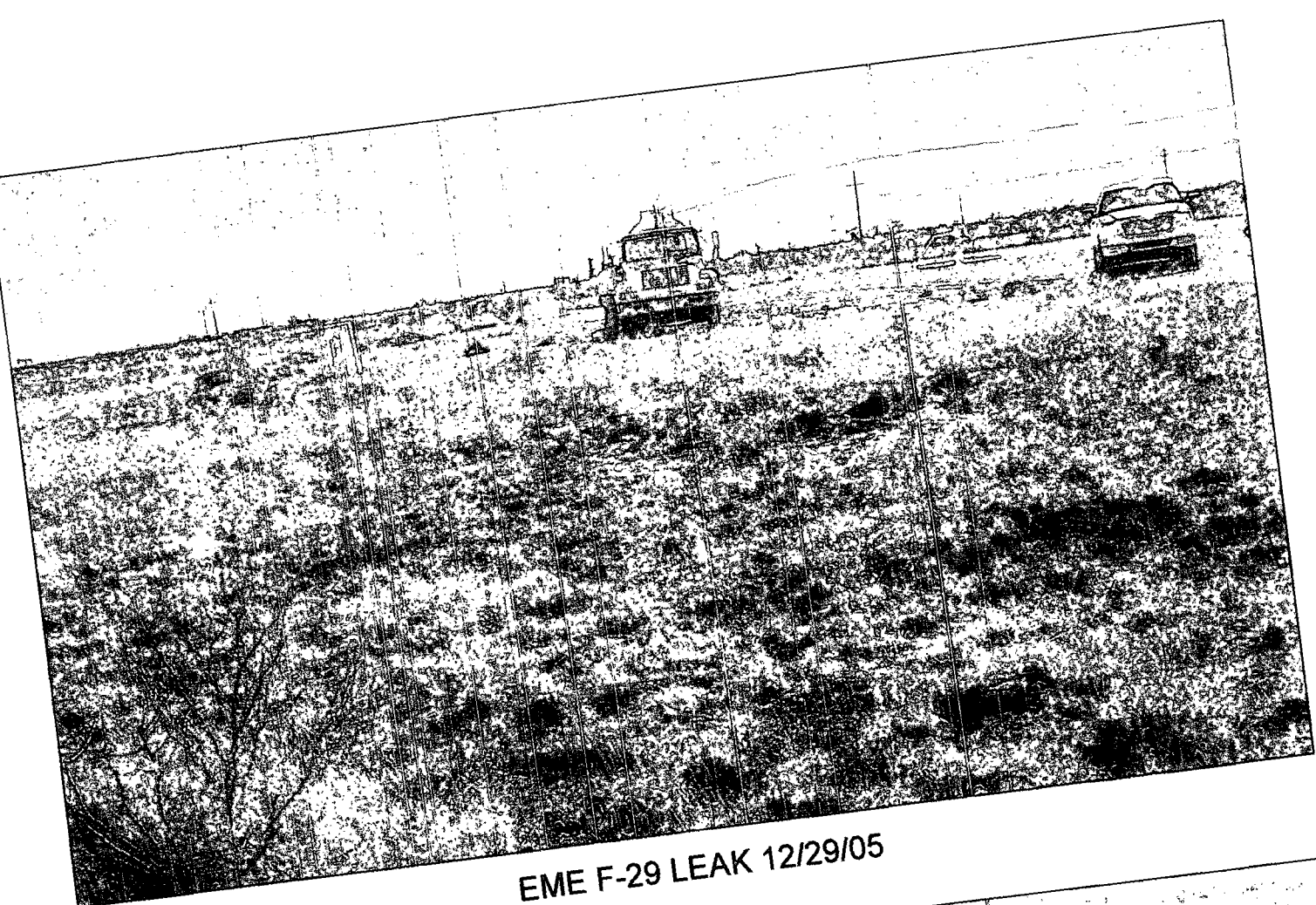
EME F-29 LEAK
DRIVING DIRECTIONS

From the intersection of 322 and HWY 8 in Monument go north on HWY 8 .3 tenths turn west through yellow cattle guard road will Y stay left go .1 tenth road intersection stay straight from there go .1 tenth turn north go through pump jack location turn south go .2 tenths turn north though Amerada Hess location go .2 tenths site is 10 ft on the east of the lease road.

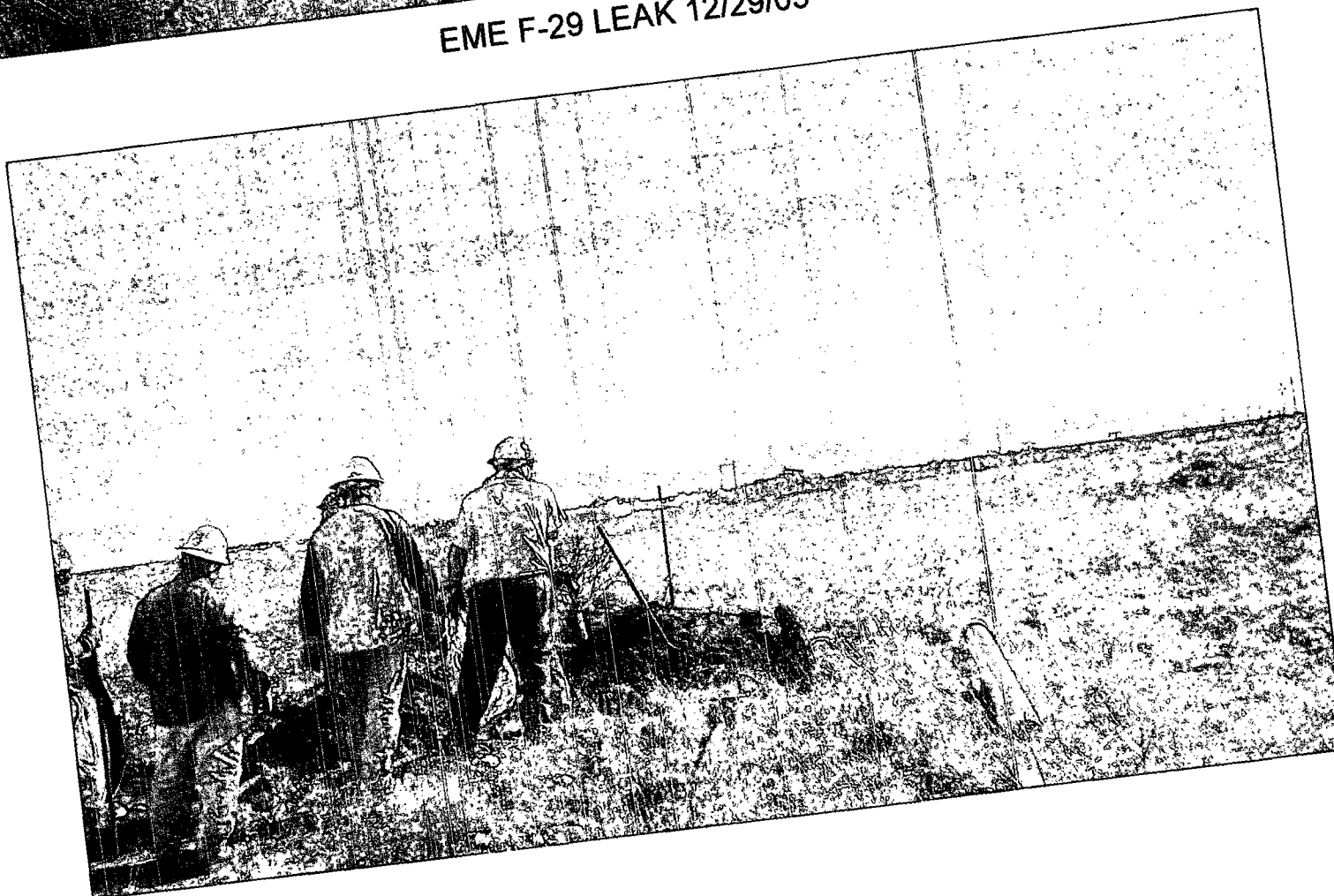


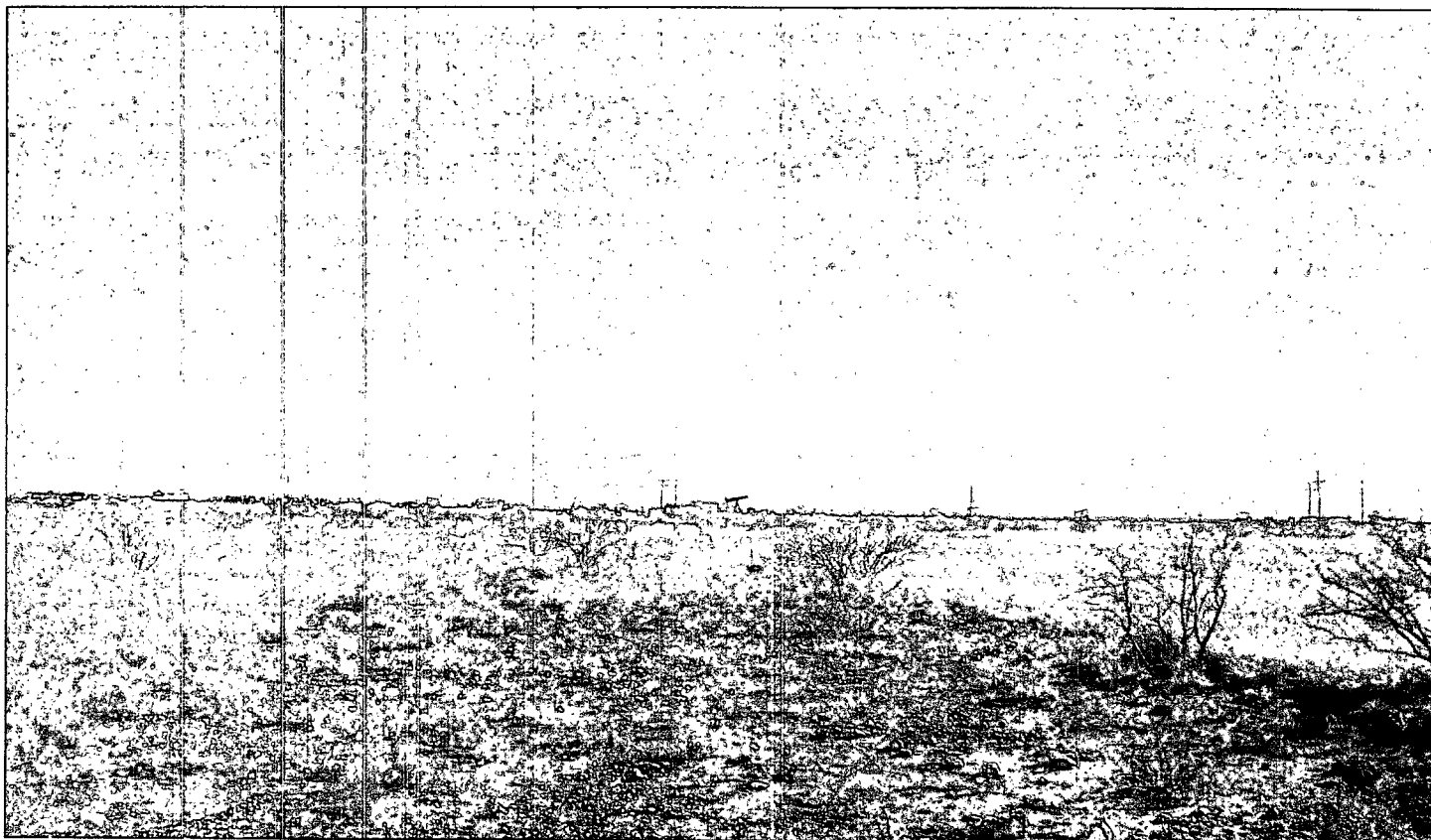
EME F-29 LEAK 12/29/05





EME F-29 LEAK 12/29/05





EME F-29 12/29/05

