State of New Mexico Energy Minerals and Natural Resources

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Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Lease No.

Release Notification and Corrective Action

	OPERATOR	Initial Report	Final Report
Name of Company Rice Operating	Contact Tony Grieco		
Address 122 W. Taylor St.	Telephone No. (505) 393-9174		
Facility Name Justis Teague #2 EOL	Facility Type Salt Water Gather	ing System	

Surface Owner State of New Mexico Mineral Owner

LOCATION OF RELEASE

Unit Letter	Section	Township 24S	Range 37E	Feet from the	North/South Line	Feet from the	East/West Line	County
D	2	245	576	:				Lea

Latitude <u>32° 15.131 N</u> Longitude <u>103°08.429 W</u>

NATURE OF RELEASE

	Valena - CDalan- 10 DDI C	Values Bassing & DDLC						
Type of Release Produced water w/ oil	Volume of Release 12 BBLS	Volume Recovered 5 BBLS						
Source of Release Blown Gasket at pig launching flange point	Date and Hour of Occurrence	Date and Hour of Discovery						
	Unknown	12/11/06 10:07 AM						
Was Immediate Notice Given?	If YES, To Whom?							
🗌 Yes 🔲 No 🖾 Not Required								
By Whom?	Date and Hour							
Was a Watercourse Reached?	If YES, Volume Impacting the Wa	tercourse.						
🗌 Yes 🖾 No								
If a Watercourse was Impacted, Describe Fully.*								
Describe Cause of Problem and Remedial Action Taken.* Blown gasket	at pig launching flange point. Gaske	t was replaced, repair permanent.						
Describe Area Affected and Cleanup Action Taken.*								
Area consists of pasture and pipeline right of way. A water truck was call	ed to the location and removed appro	eximately 5 BBLS of standing water.						
Groundwater is approximately 88 ft. The affected area was initially scrap	ed to a depth of 4 inches (144 yds of	material were removed and disposed), and						
assessment samples taken on the surface, with a hand auger and backhoe.	The impacted area was later excavate	ed to 2-3 ft bes (an additional 180 vds						
removed), and the impacted soil was hauled to the Sundance disposal faci	lity. Clean soil (336 yds) was import	ed to replace the excavated material, and the						
site was seeded with a blend of native vegetation.	· · · · ·	•						
I hereby certify that the information given above is true and complete to the	he best of my knowledge and understa	and that pursuant to NMOCD rules and						
regulations all operators are required to report and/or file certain release n	otifications and perform corrective ac	tions for releases which may endanger						
public health or the environment. The acceptance of a C-141 report by the	e NMOCD marked as "Final Report"	does not relieve the operator of liability						
should their operations have failed to adequately investigate and remediate	e contamination that nose a threat to a	round water, surface water human health						
or the environment. In addition, NMOCD acceptance of a C-141 report d	oes not relieve the operator of respon	sibility for compliance with any other						
federal, state, or local laws and/or regulations.	1 T	,						
	OIL CONSERV	ATION DIVISION						
	OIL CONSER	VATION DIVISION						
Signature:								
		A1. 11°						
Printed Name: Tony Grieco	Approved by District Supervisor:	Man. Il Vellean						
		The Williams						
Title: Environmental Tech	Approval Data: 9/11/10-7	Finance alutor						
	Approval Date: //4/01	Expiration Date: 7/19/01						
E-mail Address: tarjeco@ricesud.com	Conditions of America 1							
federal, state, or local laws and/or regulations. OIL CONSERVATION DIVISIO Signature: OIL CONSERVATION DIVISIO Printed Name: Tony Grieco Approved by District Supervisor: Mus Ululua Title: Environmental Tech Approval Date: 9/14/07 Expiration Date: 9/14/07 E-mail Address: tgrieco@riceswd.com Conditions of Approval: Attached	Attached							
Date: 7/21/07 Dhamas (505) 202 0174	•							
Signature: OIL CONSERVATION DIVISION Printed Name: Tony Grieco Approved by District Supervisor: Initial Welliams Title: Environmental Tech Approval Date: 9/14/07 Expiration Date: 9/14/07								
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> Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

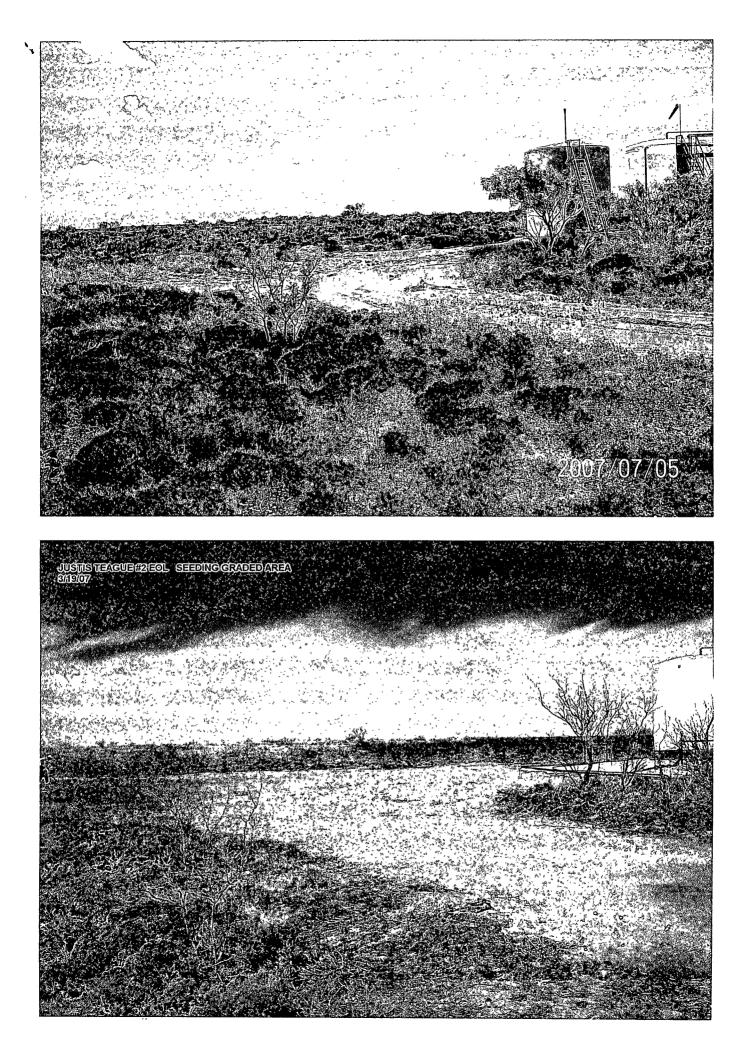
Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

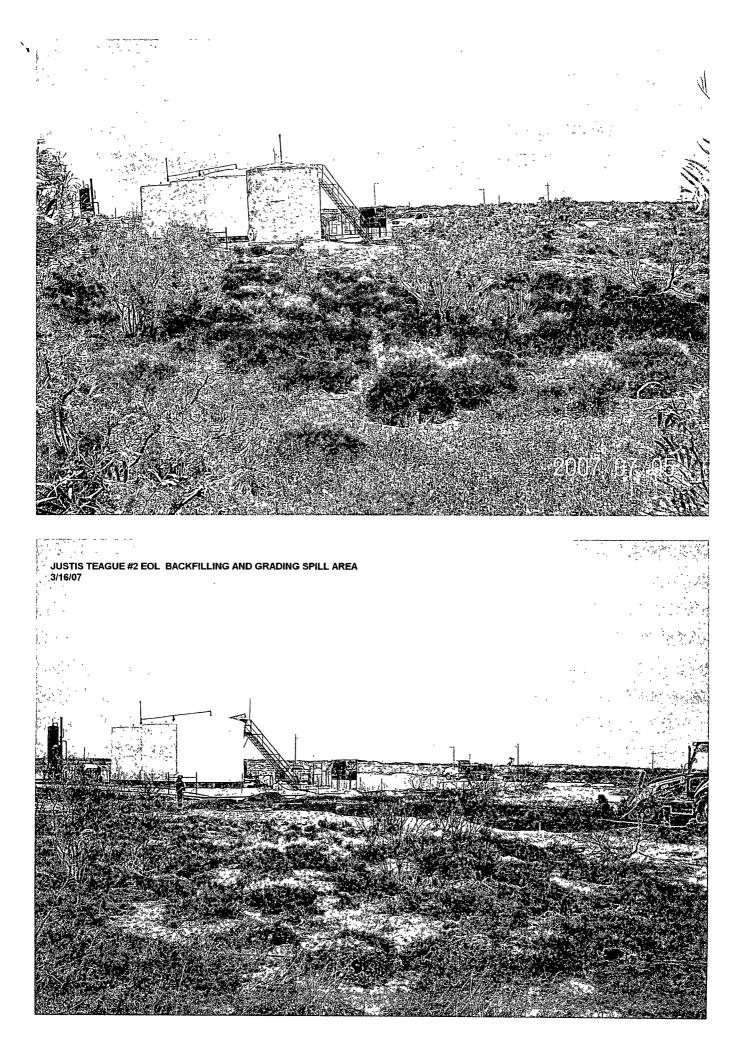
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Name of C	ompany R	ice Operatir	ng		T	Contact To	ny Grieco							
					1	Telephone]	No. (505) 631-2	2532						
			OL			Facility Typ	e Salt Water G	/ater Gathering System						
Surface Ov	vner State /	lease to Bil	l Grobe	Mineral C)wner		<u></u>	1 ise	Herse No.					
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Source of Release Blown Gasker at pig faunching hange point						1					ļ			
Was Immedi	ate Notice G	liven?					Whom?							
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By Whom?		·····				Date and H	lour		14151077	2-				
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If a Watercon	urse was Imp	pacted, Descri	ibe Fully.*	F			·····	, · •	DEP 2005		19			
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Delineation r	esults and w	ork plan to fo	igni of wa	y. A water is appro-	was call wimatel		tion and removed	approximatel	y 5 BBLS of star	iding v	vater.			
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266	7 Sef	ī -												
I hereby certi	ity that the u	itormation gr	ven above	is true and compl	ete to ti	he best of my	knowledge and u	nderstand that	pursuant to NM(DCD n	iles and			
public health	or the envir	noment The	accentanc	C = 141 repo	rt by the	NILICATIONS and	d perform correct	tive actions fo	r releases which	may en	danger			
should their o	operations ha	ive failed to a	dequately	investigate and re	mediat	e contaminatio	uncu as rillal Ko	sport does no	i relieve the open	ator of	hadility			
or the environ	nment. In ac	ldition, NMO	CD accept	tance of a C-141 r	eport d	oes not relieve	the operator of n	esponsibility f	or compliance wa	ith any	other			
federal, state,	or local law	's and/or regu	lations.											
-		\bigcirc				-	OIL CONS	SERVATIO	ON DIVISIO	N				
Simature	T									<u></u>				
Name of Company Rice Operating Contact Tony Grieco Address 122 W. Taylor St. Telephone No. (505) 631-2532 Facility Name Justis Teague #2 EOL Facility Type Salt Water Gathering System Surface Owner State / lease to Bill Grobe Mineral Owner LOCATION OF RELEASE LOCATION OF RELEASE Unit Letter Section 2 24S 37E Feet from the Nature of Release Produced water w/ oil North/South Line Source of Release Blown Gasket at pig launching flange point Volume of Release 12 BBLS Volume Recovered 5 BBLS Source of Release Blown Gasket at pig launching flange point Unknown 12/11/06 10: 07 AM Was Immediate Notice Given? If a Watercourse Reached? If a Watercourse was Impacted, Describe Fully.*														
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		2				Conditions of	Approval:		Attached					
Date: 11/12				:: (505) 631-2532							1			
Attach Addit	ional Sheet	s If Necessa			i				I					

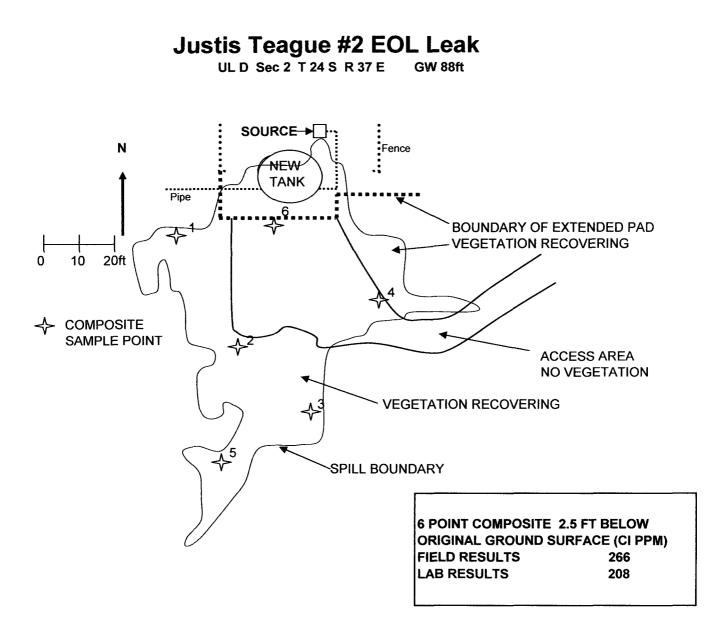
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BACKGROUND 200ft SOUTH OF SOURCE @ 6 IN 117 PPM



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS NM 88240

ANALYTICAL RESULTS FOR RICE OPERATING CO. ATTN: HACK CONDER 122 W. TAYLOR HOBBS, NM 88240 FAX TO: (505) 397-1471

Receiving Date: 07/16/07 Reporting Date: 07/18/07 Project Number: NOT GIVEN Project Name: JUSTIS TEAGUE #2 EOL Project Location: NOT GIVEN Sampling Date: 07/16/07 Sample Type: SOIL Sample Condition: COOL & INTACT Sample Received By: AB Analyzed By: BC/HM

GRO DRO (C₆-C₁₀) (>C₁₀-C₂₈) CI* (mg/Kg) (mg/Kg) (mg/Kg)

LAB NUMBER SAMPLE ID

ANALYSIS [DATE	07/17/07	07/17/07	07/16/07			
H12906-1 EXCAVATED 2 1/2 FT		<10.0	<10.0	. 208			
	COMPOSITE						
······	······································						
	Name						
Quality Cont	rol	748	735	510			
True Value QC % Recovery		800	800	500			
		91.9	93.4	102			
Relative Per	cent Difference	1.4	2.4	2.0			

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; CI: Std. Methods 4500-CIB *Analysis performed on a 1:4 w:v aqueous extract.

1/14/07

H12906 RICE

PLEASE NOTE Liability and Damages Cardinal's leability and client's exclusive remedy for any claim ansing, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed watwed unless made in writing and received by Cardinal within third (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidential or consequential damages, including, whether there is no event shall Cardinal within third (30) days after completion of the applicable affinates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based uppri any of the appoints no therwise

ARDINAL LABORATORIES, INC.

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

	(325) 673-7001 Fax (325) 673-70										40								Page	, of _	
Company Humo:	RICE OPERATING							AIL TO										REQU	IEST		
Project Manager:	HACK CONDER							P.O.	- #: 		****										
4.d. 1035: 122	W. TAYLOR							Con	npar	ny:											
10. 170	BRS State: NH	ZIp	:	ÊË	40			Attn:													
Phone #: 323	3-9174 Fax 7: 397	-14	71_			•		Address:													
Project #:	Project Owner:							City:													
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Project Location:								Pha	ne t	¥:					-						
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