

1R - 428-06

**GENERAL
CORRESPONDENCE**

DATE:

2007 - 2010

RICE Operating Company

122 West Taylor • Hobbs, NM 88240

Phone: (505) 393-9174 • Fax: (505) 397-1471

1R-423-06

Gen. Cor.

2007 - 2010

CERTIFIED MAIL

RETURN RECEIPT NO. 7005 1820 0001 6802 1975

October 15, 2007

Mr. Wayne Price
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
2007 OCT 19 PM 1 31

**RE: NOTIFICATION OF GROUNDWATER IMPACT
JUSTIS E-1 vent #1R0423-06
UNIT 'E', SEC. 1, T25S, R37E**

Mr. Price:

Rice Operating Company (ROC) takes this opportunity to notify the Director of the NMOCD Environmental Bureau of groundwater impact in accordance with NM Rule 116. The remediation of this site may fall under NM Rule 19 procedures.

The following work at this junction box site was performed in accordance with the NMOCD-approved Investigation & Characterization Plan (ICP) submitted by Highlander Environmental Corp. (Highlander) of Midland, Texas. Delineation soil borings and monitoring well installations were initiated on 8/6/2007. Groundwater was encountered at 85 feet and a 2-inch monitoring well was installed near the source (former junction box site) to a depth of 104 feet as chloride impact was indicated by field tests. Two more 2-inch wells (up-gradient and down-gradient) were also installed during this event. After proper development, the wells were sampled pursuant to NMOCD guidelines by Arc Environmental on 9/10/2007. Cardinal Laboratories performed the analysis. Groundwater from these wells will continue to be sampled on a quarterly basis. NMOCD will receive regular updates from Highlander regarding this site.

ROC is the service provider (agent) for the Justis Salt Water Disposal System and has no ownership of any portion of the pipelines, wells, or facilities. The Justis System is owned by a consortium of oil producers, System Partners, who provide all operating capital on a percentage ownership/usage basis. Environmental remediation projects of this magnitude require System Partner AFE approval and work begins as funds are received.

RICE OPERATING COMPANY

Kristin Farris Pope
Project Scientist

enclosures: laboratory analysis, 3 well logs, map



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

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

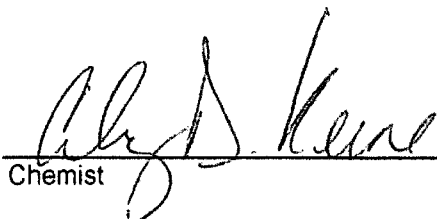
ANALYTICAL RESULTS FOR
RICE OPERATING COMPANY
ATTN: KRISTIN FARRIS-POPE
122 W. TAYLOR
HOBBS, NM 88240
FAX TO: (505) 397-1471

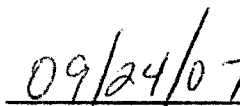
Receiving Date: 09/13/07
Reporting Date: 09/14/07
Project Number: NOT GIVEN
Project Name: JUSTIS E-1
Project Location: T25S-R37E-SEC1 E ~ LEA COUNTY, NM

Sampling Date: 09/10/07
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: NF
Analyzed By: BC

LAB NO.	SAMPLE ID	BENZENE (mg/L)	TOLUENE (mg/L)	ETHYL BENZENE (mg/L)	TOTAL XYLENES (mg/L)
ANALYSIS DATE		09/13/07	09/13/07	09/13/07	09/13/07
H13291-1	MONITOR WELL #1	<0.002	<0.002	<0.002	<0.006
H13291-2	MONITOR WELL #2	<0.002	<0.002	<0.002	<0.006
H13291-3	MONITOR WELL #3	<0.002	<0.002	<0.002	<0.006
Quality Control		0.103	0.098	0.100	0.277
True Value QC		0.100	0.100	0.100	0.300
% Recovery		103	98.3	100	92.2
Relative Percent Difference		5.0	1.7	4.9	2.7

METHOD: EPA SW-846 8260


Chemist


Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, 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 waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. Cardinal shall not be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



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

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ANALYTICAL RESULTS FOR
RICE OPERATING COMPANY
ATTN: KRISTIN FARRIS-POPE
122 W. TAYLOR STREET
HOBBS, NM 88240
FAX TO: (505) 397-1471

Receiving Date: 09/13/07
Reporting Date: 09/21/07
Project Owner: NOT GIVEN
Project Name: JUSTIS E-1
Project Location: T25S-R37E-SEC1 E-LEA COUNTY, NM

Sampling Date: 09/10/07
Sample Type: WATER
Sample Condition: COOL & INTACT
Sample Received By: NF
Analyzed By: HM/KS

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (μ S/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:		09/17/07	09/15/07	09/15/07	09/15/07	09/15/07	09/17/07
H13291-1	MONITOR WELL #1	2,136	592	169	46	14,090	172
H13291-2	MONITOR WELL #2	578	434	161	11.8	6,190	140
H13291-3	MONITOR WELL #3	1,151	898	290	15.6	11,550	124
Quality Control		NR	50.6	50.0	1.91	9,800	NR
True Value QC		NR	50.0	50.0	2.00	10,000	NR
% Recovery		NR	101	100	95.7	98.0	NR
Relative Percent Difference		NR	< 0.1	6.2	1.6	2.0	NR

METHODS:	SM3500-Ca-D	3500-Mg E	8049	120.1	310.1
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		Cl ⁻ (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:		09/17/07	09/17/07	09/17/07	09/17/07	09/15/07	09/17/07
H13291-1	MONITOR WELL #1	4,349	558	0	210	6.95	8,734
H13291-2	MONITOR WELL #2	1,819	304	0	171	6.87	4,268
H13291-3	MONITOR WELL #3	3,919	305	0	151	6.93	7,966
Quality Control		500	27.2	NR	1000	6.98	NR
True Value QC		500	25.0	NR	1000	7.00	NR
% Recovery		100	109	NR	100	99.7	NR
Relative Percent Difference		< 0.1	6.3	NR	3.7	0.1	NR

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
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Kristin Farris-Pope
Chemist

9/21/07
Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, 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 waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. Cardinal shall not be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page 1 of 1

LAB Order ID #

ANALYSIS REQUEST

(Circle or Specify Method No.)

MTBE 8021B/602
BTEX 8021B/602
TPH 418.1/TX1005 / TX1005 Extended (C35)
PAH 8270C
Total Metals Ag As Ba Cd Cr Pb Se Hg 6010B/200.7
TCLP Metals Ag As Ba Cd Cr Pb Se Hg
TCLP Volatiles
TCLP Semi Volatiles
TCLP Pesticides
RCI
GC/MS Vol. 8260B/624
GC/MS Semi. Vol. 8270C/625
PCB's 8082/608
Pesticides 8081A/608
BOD, TSS, pH
Moisture Content
Cations (Ca, Mg, Na, K)
Anions (Cl, SO ₄ , CO ₃ , HCO ₃)
Total Dissolved Solids
Chlorides
Turn Around Time ~ 24 Hours

Logger:	Jeff Kindley (Highlander Env.)	Client:	RICE Operating Company	Well ID: MW - 1
Driller:	Harrison Cooper Drilling	Project Name:	Justis E-1 vent	
Drilling Method:	Split spoon and air rotary	Location:	Justis SWD System	
Start Date:	8-6-07		unit 'E' Sec.1 T25S, R37E	
End Date:	8-6-07		Lea County, NM	
Comments: Split-spoon discrete until 20 ft, and air rotary thereafter. Located 60ft SE of former jct. site.				
TD = 104 ft GW = 85 ft				

Depth (feet)	chloride field tests	PID	Description	Lithology	Well Construction	
5	286	0	0 - 10 ft FINE TO MEDIUM GRAIN SAND tan to buff, dry			2 x 2 ft concrete pad on surface
10	624	0				
15	1096	0	10 - 20 ft FINE TO MEDIUM GRAIN SAND tannish-red, sandstone intermixed, slightly damp			
20	952	0				
25	1208	0				
30	1000	0				
35	1003	0				
40	828	0				
45	692	0	20 - 104 ft FINE TO MEDIUM GRAIN SAND tannish-red, increasing dampness			
50	742	0				
55	894	0				
60	861	0				
65	1367	0				
70	1328	0				
75	1395	0				
80	1219	0				
85	900	0				
90	745	0				
95	582	0				
100	630	0				

Logger:	Jeff Kindley (Highlander Env.)	Client:	RICE Operating Company	Well ID:
Driller:	Harrison Cooper Drilling			MW - 2
Drilling Method:	Air rotary	Project Name:		
Start Date:	8-6-07	Justis E-1 vent		
End Date:	8-6-07	Location:		
Comments:		Justis SWD System		
Located 87 ft NNW of former jct. site.		unit 'E' Sec.1 T25S, R37E		
TD = 95 ft GW = 85 ft		Lea County, NM		

Depth (feet)	chloride field tests	PID	Description	Lithology	Well Construction
5	119	0	0 - 10 ft		2 x 2 ft concrete pad on surface
			FINE TO MEDIUM GRAIN SAND		
10	334	1	calcareous, tan to buff, dry		
			10 - 20 ft		grout
15	239	0	FINE TO MEDIUM GRAIN SAND		
			tannish-red, dry		
20	352	0			
			20- 25 ft		
25	1061	0	FINE TO MEDIUM GRAIN SAND		
			tannish-red, sandstne intermixed, dry		
30	297	0			
35	151	0			
40	118	1			
			25 - 95 ft		2 in. PVC casing bentonite seal sand pack screen slot diameter = 0.01"
45	119	0	FINE TO MEDIUM GRAIN SAND		
			tannish-red, increasing dampness		
50	122	0	from 30 ft		
55	88	0			
60	113	0			
65	233	0			
70	213	0			
75	144	0			
80	159	0			
85	190	0			
90	214	0			
95	582	0			

Logger:		Jeff Kindley (Highlander Env.)		Client:		RICE Operating Company		Well ID: MW - 3
Driller:		Harrison Cooper Drilling		Project Name:		Justis E-1 vent		
Drilling Method:		Air rotary		Location:		Justis SWD System unit 'E' Sec.1 T25S, R37E Lea County, NM		
Start Date:		8-6-07						
End Date:		8-6-07						
Comments: Located 150 ft ESE of MW 1; 150 ft. ESE of former junction site. TD = 95 ft GW = 85 ft								

Depth (feet)	chloride field tests	PID	Description	Lithology	Well Construction
5	359	0	0 - 10 ft		2 x 2 ft concrete pad on surface
			FINE TO MEDIUM GRAIN SAND calcareous, tan to buff, dry		
10	428	1	10 - 15 ft FINE TO MEDIUM GRAIN tan, calcereous, dry		
15	574	0	15 - 20 ft FINE TO MEDIUM GRAIN tannish-red, sandstone, dry		grout
20	740	0	20 - 25 ft FINE TO MEDIUM GRAIN w/ sandstone intermixed, tannish-red		
25	401	1			
30	304	0			
35	337	0			
40	651	0			
45	290	0	25 - 95 ft		
			FINE TO MEDIUM GRAIN SAND tannish-red, increasing dampness from 55 ft on		
50	229	0			
55	201	0			
60	144	0			
65	119	0			
70	120	0			bentonite seal
75	90	0			
80	92	0			sand pack
85	148	1			
90	**	**			screen slot diameter = 0.01"
95	**	**			

