1R - 428 - 06

GENERAL CORRESPONDENCE

DATE

2007 - 2010

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

Operating Company

CERTIFIED MAIL RETURN RECEIPT NO. 7005 1820 0001 6802 1975

RICE

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

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 NMOCDapproved 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 downgradient) 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.

/R-423-06 Gen. Cor. 2007 - 2010

2007 OCT 19/ PM

Please accept this notification for the above-referenced site. Should you have any questions or concerns regarding this site, please do not hesitate to contact me.

RICE OPERATING COMPANY

Knistin Samis Pope

Kristin Farris Pope Project Scientist

cc: SC, CDH, Highlander, file

Mr. Chris Williams NMOCD, District 1 Office 1625 N. French Drive Hobbs, NM 88240

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

Steine Chemist

PLEASE NOTE: Llability 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 servide 1829485 Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of prolits 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

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

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

		Na	Са	Mg	к	Conductivity	T-Alkalinity
LAB NUMBER	R SAMPLE ID	(mg/L)	(mg/L)	(mg/L)	(mg/L)	(uS/cm)	(mgCaCO ₃ /L)
ANALYSIS DA	ATE:	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 Contro)	NR	50.6	50.0	1.91	9,800	NR
True Value Q0	······································	NR	50.0	50.0	2.00	10,000	NR
% Recovery	- an fan de generale de ser an fan de fan de ser and an de ser and de ser and de ser an ser an ser an ser an se	NR	101	100	95.7	98.0	NR
Relative Perce	ent Difference	NR	< 0.1	6.2	1.6	2.0	NR
METHODS:		SM	3500-Ca-D	3500-Mg E	8049	120.1	310.1

		CI	SO₄	CO3	HCO₃	pН	TDS
		(mg/L)	(mg/L)	(mg/L)	(mg/L)	(s.u.)	(mg/L)
ANALYSIS C	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 Cont		500	27.2	NR	1000	6.98	NR
True Value C		500	25.0	NR	1000	7.00	NR
% Recovery		100	109	NR	100	99.7	NR
Relative Per	cent Difference	< 0.1	6.3	NR	3.7	0.1	NR

METHODS: SM4500-CI-B 375.4 310.1 310.1 150.1 160.1

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9/21/07

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 thinty (30) days after completion of the applicable server. I does to regligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thinty (30) days after completion of the applicable server. I does to regligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thinty (30) days after completion of the applicable server. I does to replice the server of the completion of the applicable of the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

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	Logger:	Jef	f Kindley (Highlander Env.)	Cli	ent:		Well ID:
	Driller:		Harrison Cooper Drilling		RICE Operating C		
Drillir	ng Method:	S	Split spoon and air rotary	Pro	oject Name:		
	Start Date:		8-6-07		Justis E-1 v		
	End Date:		8-6-07	Lo	cation:		MW - 1
			discrete until 20 ft, and air		Justis SWD Sy	vstem	
rotary t	hereafter. L	ocated	60ft SE of former jct. site.		-		
					nit 'E' Sec.1 T25		
and the second second	1D = 104 ft	er and a strategy of the	GW = 85 ft		Lea County,	NM	Land State of the State
Depth				ľ.			
(feet)	field tests	PID	Description		Lithology	well C	onstruction
5	286	0	0 - 10 ft				2 x 2 ft
			FINE TO MEDIUM GRAIN SAND			a sec	concrete pad
10	624	0	tan to buff, dry				on surface
			10 - 20 ft	1		28.2	
15	1096	0	FINE TO MEDIUM GRAIN SAND				
			tannish-red, sandstone				
20	952	0	intermixed, slightly damp				
				1			
25	1208	0		1			
30	1000	0					
						1	
35	1003	0		İ			grout
							}
40	828	0				1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	
			20 - 104 ft			b u	
45	692	0	FINE TO MEDIUM GRAIN SAND			asi	
			tannish-red, increasing dampness			C C	
50	742	0				2 in. PVC casing	
				ł	C. C. C. Constanting on the grant		
55	894	0			38386-0-0-6-C	2 in.	
60	861	0					
65	1367	0					
					a di seconda di second Seconda di seconda di s]]
70	1328	0					bentonite
							J seal
75	1395	0					
					anadel Militan and Militan and Angel		
80	1219	0					
85	900	0	-	1			
		<u> </u>	4	ĺ			sand pack
90	745	0	-	1			
	500	<u> </u>	4	1			
95	582	0	4				
400		<u> </u>	4	1			
100	630	0	4				/ screen slot
L	I	<u> </u>	I	1			diameter = 0.01"

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	Logger:		f Kindley (Highlander Env.)		ent:		Well ID:
L	Driller:		Harrison Cooper Drilling		RICE Operating C	ompany	
	ng Method:		Air rotary	Pro	oject Name:	1	
	Start Date:		8-6-07		Justis E-1 v cation:	ent	-
Comm	End Date:		0-0-07				MW - 2
		7 ft NN	W of former jct. site.	luni	Justis SWD Sy t 'E' Sec.1 T25		
Bark Bark	TD = 95 ft		GW = 85 ft		Lea County,	NM	
Depth (feet)	chloride field tests	PID	Description		Lithology	Well C	construction
5	119	0	0 - 10 ft				2 x 2 ft
			FINE TO MEDIUM GRAIN SAND				concrete pad
10	334	1	calcareaous, tan to buff, dry				on surface
45	000		10 - 20 ft			and the second s	
15	239	0	FINE TO MEDIUM GRAIN SAND				
20	352	0	tannish-red, dry			8	
	002		20- 25 ft		aconstantes a		
25	1061	0	FINE TO MEDIUM GRAIN SAND				
			tannish-red, sandstne intermixed, dry				
30	297	0					
35	151	0					grout
40	118	1					4 A 2004
			25 - 95 ft			2 in. PVC casing	
45	119	0	FINE TO MEDIUM GRAIN SAND			Cas	
	400		tannish-red, increasing dampness			S S	
50	122	0	from 30 ft			PVC	
55	88	0				2 in	
- 33	00				an marine		
60	113	0			1 States		
						Š L	
65	233	0				TT TT	bentonite
							∫seal
70	213	0					
75	144	0					
	150						
80	159	0			and a state of the second s		
85	190	0					sand pack
	100						
90	214	0					
							screen slot
95	582	0					diameter = 0.01"

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	Logger:		f Kindley (Highlander Env.)	Cli	ent:		Well ID:
	Driller:		Harrison Cooper Drilling		RICE Operating Co	mpany	
	ng Method:		Air rotary	Pro	oject Name:		
	Start Date: End Date:	· .	<u>8-6-07</u> 8-6-07		Justis E-1 ve cation:	nt	-
Comm			0-0-07				MW - 3
		ed 150	ft ESE of MW 1;		Justis SWD Sys	stem	
		SE of f	former junction site.	uni	t 'E' Sec.1 T25S,		
and the second second	TD = 95 ft	Barran Mari Par	GW = 85 ft	adda far ti	Lea County, N		
Depth	chloride	PID	Description		Lithology		onstruction
(feet)	field tests					9 D.S	
5	359	0			8		2 x 2 ft
10	428	1	FINE TO MEDIUM GRAIN SAND		5 S		concrete pad
	420	1	calcareous, tan to buff, dry 10 - 15 ft FINE TO MEDIUM GRAIN				
15	574	0	tan, calcereous, dry		40		
			15 - 20 ft FINE TO MEDIUM GRAIN				
20	740	0	tannish-red, sandstone, dry				in and a second s
			20 - 25 ft FINE TO MEDIUM GRAIN				2
25	401	1	w/ sandstone intermixed, tannish-red				i i
30	304	0				16 17	
35	337	0				1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	grout
							grout
40	651	0				t t	
			25 - 95 ft			- Bu	
45	290	0	FINE TO MEDIUM GRAIN SAND			2 in. PVC casing	
			tannish-red, increasing dampness			Ų	1 4 5
50	229	0	from 55 ft on				l.
55	201	0				Ľ	
55	201	0				0	3
60	144	0				14 K	¥ €
65	119	0			K.		
							bentonite
70	120	0					J seal
75	90	0					
	50	<u> </u>					
80	92	0					
							sand pack
85	148	1					
90	**	**					
05	**	**					J screen slot
95					2020023232		diameter = 0.01"

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