

1R - 427-15

**GENERAL
CORRESPONDENCE**

**YEAR(S):
2008**

RICE *Operating Company*

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

CERTIFIED MAIL

RETURN RECEIPT NO. 7005 1820 0001 6804 4929

February 27, 2008

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
2008 FEB 27 PM 1:19

**RE: NOTIFICATION OF GROUNDWATER IMPACT
EME State 'H' EOL, #1R0427-15
Unit E, Sec. 17, T20S, R37E**

Mr. Price:

Rice Operating Company (ROC) notifies the Director of the New Mexico Oil Conservation Division (OCD), Environmental Bureau of groundwater impact at the above-referenced site in accordance with NM Rule 116. The remediation of this site may be subject to NM Rule 19 procedures.

The following work was performed in accordance with the OCD-approved (verbal 7/18/2007) Investigation and Characterization Plan submitted by the consulting company, Texerra Environmental Engineering (Texerra), to investigate potential groundwater concerns at this junction box site near Monument. A soil boring for vertical delineation of chloride and a 2-inch monitoring well were installed on November 28, 2007 under the supervision of L. Peter Galusky, Jr. of Texerra. Groundwater was encountered at approximately 31 feet. The well was developed and sampled pursuant to OCD guidelines by Arc Environmental (Arc) of Lovington. Laboratory analyses of two sampling events confirm the Water Quality Control Commission standards for chloride and Total Dissolved Solids (TDS) are exceeded at the monitoring well. Arc will continue to sample the well on a quarterly basis. Texerra will be evaluating this groundwater data and investigating regional groundwater information in preparation for the submission of a Corrective Action Plan. Chloride and TDS concentrations are known to be elevated on a regional scale in this area near Monument.

ROC is the service provider (agent) for the EME Salt Water Disposal System and has no ownership of any portion of the pipelines, wells, or facilities. The EME 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.

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

A handwritten signature in black ink that reads "Kristin Farris Pope". The signature is written in a cursive, flowing style.

Kristin Farris Pope
Project Scientist

enclosures: 2 water analyses, soil boring log, monitoring well log, satellite map,
driving directions

cc: SC, Texerra, file, Mr. Chris Williams
NMOCD, District 1 Office
1625 N. French Drive
Hobbs, NM 88240

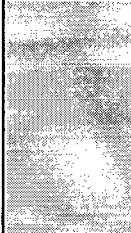

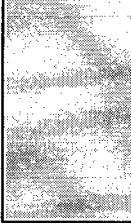

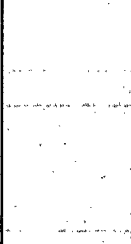

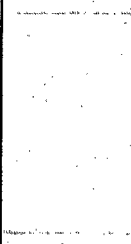

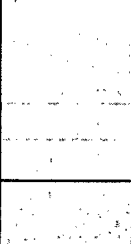



Driving Directions

EME State 'H' EOL
UL/ E Sec. 17 T20S R37E
NAD 27 N32.57653° W103.27999°

From the intersection of Hwy 8 and jct. 322, travel west 2.3 miles to Maddox Road. Continue south on Maddox Road 2.5 miles. Turn left and travel east 0.3 miles to a battery. Stay on the main lease road as it turns and continue east 0.5 miles to an intersection. At the intersection turn left and travel on the main lease road north-east 1.0 miles through a turn which takes you south-east to the EOL. The site is on the left hand side of the road.

Logger:	L. Pete Galusky, Jr., Texerra	Client: RICE Operating Company	Well ID: SB - 1
Driller:	Atkins Engineering Assoc., Inc.		
Drilling Method:	Rotary Auger	Project Name: EME State 'H' EOL	
Start Date:	11-28-07	Location: EME SWD System unit 'E' Sec.17 T20S, R37E Lea County, NM	
End Date:	11-28-07		
Comments: Located at former junction box site. TD = 28 ft GW = 32 ft			

Depth (feet)	chloride field tests	PID	Description	Lithology	Soil Bore Construction
			0 - 5 ft LOAMY SAND light brown, dry		
2.5					
5	751	0.6			
			5 - 10 ft LOAMY SAND olive brown, oily		
7.5					
10	730	1.8			
			10 - 20 ft CALICHE light gray, oily		
12.5					
15	961	1.5			
			20 - 25 ft CALICHE gray, oily		
17.5					
20	982	1.2			
			25 - 28 ft SANDY CLAY gray, wet Lab Cl- = 432 ppm		
22.5					
25	886	1.3			
28	402	1			

Logger:		L. Pete Galusky, Jr., Texerra		Client:		RICE Operating Company		Well ID:	
Driller:		Atkins Engineering Assoc., Inc.		Project Name:		EME State 'H' EOL		MW - 1	
Drilling Method:		Rotary Auger		Location:		EME SWD System			
Start Date:		11-28-07		unit 'E' Sec.17 T20S, R37E		Lea County, NM			
End Date:		11-28-07							
Comments:									
Located 29 ft south-east of frmr. jct. box site.									
Located 29 ft at 230° of N to frmr jct. box site.									
TD = 45 ft GW = 32 ft									
Depth (feet)	chloride field tests	PID	Description	Lithology	Monitor Well Construction				
			0 - 5 ft		concrete cap				
			FINE SAND						
5	139	0	light tan, dry						
			5 - 25 ft		2 in. PVC casing bentonite seal				
			CALICHE						
10	361	0.7	light gray, dry						
			LAB Cl- = 560 ppm						
15	643	0.6							
20	430	1			sand pack				
			25 - 30 ft						
			CALICHE						
30	332	1.8	gray, damp		screen slot diameter = 0.01"				
			30 - 45 ft						
			SANDY CLAY LOAM						
			gray, wet						
40	266	0.8	LAB Cl- = 224 ppm						
45	312	2.6							



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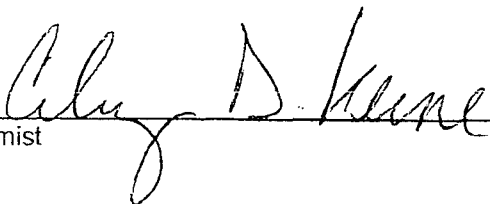
ANALYTICAL RESULTS FOR
RICE OPERATING COMPANY
ATTN: KRISTIN FARRIS-POPE
122 WEST TAYLOR
HOBBS, NM 88240
FAX TO: (505) 397-1471

Receiving Date: 12/14/07
Reporting Date: 12/17/07
Project Number: NOT GIVEN
Project Name: EME STATE "H" EOL
Project Location: T20S-R37E-SEC17E ~ LEA CO., NM

Sampling Date: 12/14/07
Sample Type: WATER
Sample Condition: COOL & INTACT
Sample Received By: CK
Analyzed By: AB

LAB NUMBER	SAMPLE ID	BENZENE (mg/L)	TOLUENE (mg/L)	ETHYL BENZENE (mg/L)	TOTAL XYLENES (mg/L)
ANALYSIS DATE		12/17/07	12/17/07	12/17/07	12/17/07
H13926-1	MONITOR WELL #1	<0.001	<0.001	<0.001	<0.003
Quality Control		0.105	0.096	0.096	0.302
True Value QC		0.100	0.100	0.100	0.300
% Recovery		105	96	96	101
Relative Percent Difference		1.4	2.8	3.1	3.8

METHOD: EPA SW-846 8021B


Chemist


Date

H13926b Rice

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ANALYTICAL RESULTS FOR
RICE OPERATING COMPANY
ATTN: KRISTIN FARRIS-POPE
122 W. TAYLOR STREET
HOBBS, NM 88240
FAX TO: (575) 397-1471

Receiving Date: 12/14/07
Reporting Date: 12/20/07
Project Number: NOT GIVEN
Project Name: EME STATE "H" EOL
Project Location: T20S-R37E-SEC17E~LEA COUNTY, NM

Sampling Date: 12/14/07
Sample Type: WATER
Sample Condition: COOL & INTACT
Sample Received By: CK
Analyzed By: AB/HM/KS

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (u S/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:		12/19/07	12/18/07	12/18/07	12/19/07	12/18/07	12/18/07
H13926-1	MONITOR WELL #1	671	71.9	33.9	14.5	3,520	232
Quality Control		NR	49.2	54.0	3.19	1,411	NR
True Value QC		NR	50.0	50.0	3.00	1,413	NR
% Recovery		NR	98.5	108	106	99.9	NR
Relative Percent Difference		NR	< 0.1	6.1	10.2	0.7	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:	12/18/07	12/19/07	12/18/07	12/18/07	12/18/07	12/14/07
H13926-1 MONITOR WELL #1	772	459	0	283	7.75	2,154
Quality Control	490	27.8	NR	1000	7.06	NR
True Value QC	500	25.0	NR	1000	7.00	NR
% Recovery	98.0	111	NR	100	101	NR
Relative Percent Difference	2.0	17.4	NR	< 0.1	0.3	NR

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
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Chemist

Date

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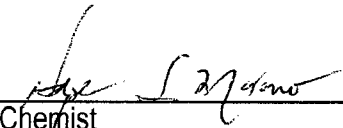
ANALYTICAL RESULTS FOR
RICE OPERATING COMPANY
ATTN: KRISTIN FARRIS-POPE
122 W. TAYLOR STREET
HOBBS, NM 88240
FAX TO: (575) 397-1471

Receiving Date: 12/14/07
Reporting Date: 12/26/07
Project Number: NOT GIVEN
Project Name: EME STATE "H" EOL
Project Location: T20S-R37E-SEC17E~LEA COUNTY, NM

Sampling Date: 12/14/07
Sample Type: WATER
Sample Condition: COOL & INTACT
Sample Received By: CK
Analyzed By: HM

LAB NUMBER	SAMPLE ID	Br (mg/L)	PO ₄ (mg/L)
ANALYSIS DATE:		12/18/07	12/18/07
H13926-1	MONITOR WELL #1	2.50	< 0.1
Quality Control		0.90	0.45
True Value QC		0.80	0.50
% Recovery		113	90.9
Relative Percent Difference		11.8	10.5

METHODS: Standard Methods	4500-BrB	4500-PE
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Chemist

12-26-07

Date

H13926B RICE

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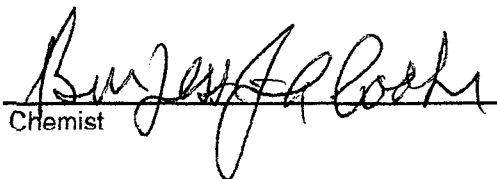
ANALYTICAL RESULTS FOR
RICE OPERATING COMPANY
ATTN: KRISTIN FARRIS-POPE
122 W. TAYLOR STREET
HOBBS, NM 88240
FAX TO: (575) 397-1471

Receiving Date: 02/13/08
Reporting Date: 02/18/08
Project Number: NOT GIVEN
Project Name: EME STATE "H" EOL
Project Location: T20S-R37E-SEC17E ~ LEA COUNTY, NM

Sampling Date: 02/11/08
Sample Type: WATER
Sample Condition: COOL & INTACT
Sample Received By: NF
Analyzed By: AB

LAB NUMBER	SAMPLE ID	BENZENE (mg/L)	TOLUENE (mg/L)	ETHYL BENZENE (mg/L)	TOTAL XYLENES (mg/L)
ANALYSIS DATE		02/15/08	02/15/08	02/15/08	02/15/08
H14249-1	MONITOR WELL #1	<0.001	<0.001	<0.001	<0.003
Quality Control		0.099	0.092	0.087	0.272
True Value QC		0.100	0.100	0.100	0.300
% Recovery		99.4	92.4	87.0	90.6
Relative Percent Difference		1.0	1.8	1.7	1.3

METHOD: EPA SW-846 8021 B


Chemist

2/18/08
Date

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ANALYTICAL RESULTS FOR
RICE OPERATING COMPANY
ATTN: KRISTIN FARRIS-POPE
122 W. TAYLOR STREET
HOBBS, NM 88240
FAX TO: (575) 397-1471

Sampling Date: 02/11/08
Sample Type: WATER
Sample Condition: COOL & INTACT
Sample Received By: NF
Analyzed By: HM/KS

Receiving Date: 02/13/08
Reporting Date: 02/18/08
Project Number: NOT GIVEN
Project Name: EME STATE "H" EOL
Project Location: T20S-R37E-SEC17E~LEA COUNTY, NM

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:	02/15/08	02/15/08	02/15/08	02/15/08	02/14/08	02/14/08
H14249-1 MONITOR WELL #1	578	33.3	20.2	10.8	2,930	272
Quality Control	NR	49.2	51.6	2.97	1,417	NR
True Value QC	NR	50.0	50.0	3.00	1,413	NR
% Recovery	NR	98.4	103	99.1	100	NR
Relative Percent Difference	NR	< 0.1	4.7	0.7	1.0	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:	02/14/08	02/15/08	02/14/08	02/14/08	02/14/08	02/14/08
H14249-1 MONITOR WELL #1	710	157	0	332	7.87	1,700
Quality Control	500	26.3	NR	988	7.06	NR
True Value QC	500	25.0	NR	1000	7.00	NR
% Recovery	100	105	NR	98.8	101	NR
Relative Percent Difference	2.0	3.0	NR	1.2	< 0.1	NR

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

02/18/08
Date

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Company Name: RICE Operating Company		BILL TO Company: RICE Operating Company		PO#	
Project Manager: Kristin Farris-Pope, Project Scientist		Address: 122 W Taylor Street ~ Hobbs, New Mexico 88240		(Street, City, Zip)	
Address: (Street, City, Zip) 122 W Taylor Street ~ Hobbs, New Mexico 88240		Phone#: (575) 393-9174		Fax#: (575) 397-1471	
Phone #: (575) 393-9174		Fax #: (575) 397-1471			
Project #:		Project Name: EME State "H" EOL			
Project Location: T20S-R37E-Sec17E ~ Lea County - New Mexico		Sampler Signature: Rozanne Johnson (575) 631-9310		tozanne@valornet.com	
LAB # (LAB USE ONLY)		FIELD CODE			
Monitor Well #1		(G)rab or (C)omp		# CONTAINERS	
		WATER		SOIL	
		AIR		SLUDGE	
		HCL (2 40ml VOA)		HNO ₃	
		NaHSO ₄		H ₂ SO ₄	
		ICE (1-1Liter HDPE)		NONE	
		DATE (2008)		TIME	
		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	