AP - 92

STAGE 2 REPORT

Date 5-16-13

PLAINS
PIPELINE, L.P.

May 16, 2013

Mr. Edward Hansen
New Mexico Oil Conservation Division
Environmental Bureau
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Plains Pipeline, L.P. 8-inch Moore to Jal #2 Site
NMOCD Reference # AP-92
Unit Letter J of Section 16, Township 17 South, Range 37 East
Lea County, New Mexico

Dear Mr. Hansen:

Plains Pipeline, L.P. is pleased to submit the attached *2012 Field Activity Report*, dated May 2013, for the 8-inch Moore to Jal #2 release site located in Section 16 of Township 17 South, and Range 37 East of Lea County, New Mexico. This document summarizes the activities performed at the site related to the installation of an automated system for disposing of impacted ground water.

Should you have any questions or comments, please contact me at (575) 441-1099.

Sincerely,

Jason Henry

Jason Henry
Remediation Coordinator
Plains Pipeline, L.P.

CC: Geoffrey R. Leking, NMOCD, Hobbs Office

Enclosure

AMARILLO
921 North Bivins
Amarillo, Texas 79107
Phone 806.467.0607
Fax 806.467.0622

AUSTIN
3003 Tom Gary Cove
Building C-100
Round Rock, Texas 78664
Phone 512.989.3428
Fax 512.989.3487

MIDLAND
2901 State Highway 349
Midland, Texas 79706
Phone 432.522.2133
Fax 432.522.2180

SAN ANTONIO
17170 Jordan Road
Suite 102
Selma, Texas 78154
Phone 210.579.0235
Fax 210.568.2191

TULSA
9906 East 43rd Street
Suite G
Tulsa, Oklahoma 74146
Phone 918.742.0871
Fax 918.742.0876

HOBBS
318 East Taylor Street
Hobbs, New Mexico 88241
Phone 505.393.4261
Fax 505.393.4658

TYLER
719 West Front Street
Suite 255
Tyler, Texas 75702
Phone 903.531.9971
Fax 903.531.9979

HOUSTON
3233 West 11th Street
Suite 400
Houston, Texas 77008
Phone 713.861.0081
Fax 713.868.3208

2012 FIELD ACTIVITY REPORT
AUTOMATED WATER DISPOSAL SYSTEM INSTALLATION

8" MOORE TO JAL #2
LEA COUNTY, NEW MEXICO
PLAINS SRS #2002-10273
NMOCD REF. # AP-92

Prepared for:

PLAINS PIPELINE, L.P.
333 Clay Street, Suite 1600
Houston, Texas 77002

Prepared by:

Talon/LPE
2901 S. State Highway 349
Midland, Texas 79706

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May, 2013

2012 FIELD ACTIVITY REPORT
AUTOMATED WATER DIPOSAL SYSTEM INSTALLATION

8" MOORE TO JAL #2
LEA COUNTY, NEW MEXICO
PLAINS SRS #2002-10273
NMOCD REF. # AP-92

PLAINS PIPELINE, L.P.

333 CLAY STREET, SUITE 1600

HOUSTON, TEXAS

TALON/LPE PROJECT NO. 700376.045.01

Prepared by:

Brad Ivy

Project Manager

Paul Santos, P.E.

PAUL A. SANTOS
NEW MEXICO
17808
LICENSED PROFESSIONAL ENGINEER
5/14/13

Talon/LPE

2901 State Highwat 349

Midland, TX 79706

May, 2013

Distribution List

Name	Title	Company or Agency	Mailing Address	e-mail
Ed Hansen	Environmental Engineer	NMOCD	1220 South St. Francis Drive Santa Fe, NM 87505	edwardjhansen@state.nm.us
Geoffrey Leking	Environmental Engineer	NMOCD	1625 French Dr. Hobbs, NM 88231	GeoffreyR.Leking@state.nm.us
Jason Henry	Remediation Coordinator	Plains Pipeline	2530 Highway 214 Denver City, TX 79323	jhenry@paalp.com
Jeff Dann	Senior Environmental Specialist	Plains Pipeline	P. O. Box 4648 Houston, TX 77210-4648	jpdann@paalp.com
File		Talon/LPE	2901 S. St. Hwy 349 Midland, Texas 79706	bivy@talonlpe.com

NMOCD - New Mexico Oil Conservation Division
NMSLO - New Mexico State Land Office

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1.0 INTRODUCTION AND OBJECTIVE

1.1 Site Background

Talon/LPE, on behalf of Plains Pipeline, L.P. (Plains), is submitting this Addendum to the 2008 Stage 1 and Stage 2 Abatement Plan to the New Mexico Oil Conservation Division (NMOCD) regarding the remediation of the Plains 8-inch Moore to Jal #2 (Moore to Jal #2) crude oil pipeline release site (NMOCD Ref. No. AP-92) in Lea County, New Mexico.

The 8" Moore to Jal #2 (site) is located approximately 9.2 miles southeast of Lovington, Lea County, New Mexico, on property owned by the State of New Mexico. The site is located within the West Lovington Oil Field at Global Positioning System (GPS) coordinates 32° 49' 56.61" N, 103° 15' 08.47" W. There are no residences, groundwater wells, or surface water bodies within a 1,000-foot radius of the site.

The initial release occurred from an EOTT Energy Pipeline (EOTT) steel pipeline on October 22, 2002. Subsequently, EOTT changed its name to Link Energy in October 2003, and Plains Marketing, L.P. (Plains) purchased the assets of Link Energy on April 1, 2004. Initial reports estimated that 25 barrels (bbls) of crude oil were released. Approximately 5,794 square feet of surface area was impacted by the release.

Soil excavation and over-excavation activities were initiated in November of 2002 and that activity is documented in the "Soil Over-Excavation Report and Backfill Work Plan", dated May 23, 2006.

On February 5, 2007, Talon/LPE (Talon) was retained by Plains to assume remediation activities at the site. Remediation activities at the site were previously conducted by Environmental Plus, Inc. (EPI).

1.2 Objective

PSH recovery from groundwater has been conducted at the site since 2004, initially by hand bailing and then by using pneumatic pumps. In October of 2008, Talon installed pneumatic skimmer and total fluids pump system at the site. Currently, there are a total of three (3) specific gravity skimmers and bladder pumps operating in monitor wells MW-3, MW-5, and MW-9. In addition, there are currently a total of two (2) pneumatic total fluids pumps operating in monitor wells MW-1 and MW-7, and one (1) electronically powered total fluids pump in MW-6 (see Figure 2).

Currently, the PSH recovered by the skimmer pump system and the total fluid pumps is expelled to an on-site 150 barrel (bbl) polyethylene tank, which is monitored for the accumulation of water and PSH on a weekly basis. Currently, when the recovery tank is full, water is removed from the tank with an automated waste water transfer system, which will be explained in full in the sections following. Before this automated system, vacuum trucks were used for waste water disposal. This method proved to be inefficient and kept the system from running at its peak potential. During the year 2010, 5,398 bbls of water was removed from the recovery tank, which accounts for approximately 45 vacuum truck excursions. The system would idle during the times the tank was full. With the water transfer system in place and operating, the site produced and disposed of over 2,000 bbls of waste water in April of 2013.

The Plains Moore to Jal 8-inch steel pipeline is idle and remains in situ subsurface directly adjacent to the subject site. In 2011, Plains proposed that a 3-inch high density polyethylene (HDPE) line be installed (slip-lined) into the idle 8-inch pipeline beginning at the Moore to Jal #2 (NMOCD Reference #AP-092) site to the Moore to Jal #1 (NMOCD Reference #AP-091) site and then to the 8-inch Sweet Vacuum C.S. Cayler (NMOCD Reference #AP-052) site (see Figure 3) and ultimately be disposed at Rocky Smith SWD Systems State 'E' #23 salt water disposal (SWD) (NMOCD # 307219) facility.

2.0 SITE ACTIVITIES

2.1 HDPE Line Installation

After a one-call utility clearance, the project commenced at the Moore to Jal #2 site. The existing Moore to Jal 8-inch steel pipeline was excavated with a backhoe at a point as close as possible to the active recovery system control center. A window was cold cut into multiple strategic locations on the pipeline, and after access to the steel pipeline was obtained, a 3-inch HDPE line was pulled from point to point along the pipeline, and later fused together making what is essentially one continuous HDPE line. For example, HDPE line was pulled from the Moore to Jal #1 site to link with the Moore to Jal #2 site approximately 2,113-ft to the southeast.

It was expected that the HDPE line would periodically get stuck during the installation process. The distance to the sticking point was determined and the pipeline was excavated. A window was cold cut into the steel pipeline and HDPE line installation resumed. The HDPE line was fused at these access points.

The HDPE line installation procedure continued until the line arrived at the C.S. Cayler site approximately 9,233-ft to the northwest of the Moore to Jal #1 site.

There is currently an active transfer pump at the Cayler site that discharges recovered groundwater to the Rocky Smith SWD Systems State 'E' #23 salt water disposal facility (SWD) (NMOCD # 307219) located approximately 5,288-feet to the west of the Cayler site. The newly installed 3-inch HDPE line was tied to the existing line at the Cayler site. For details regarding flow line construction, see Figures 3 and 4.

2.2 Disposal Procedure and Flow Path

Recovered groundwater is contained in an on-site 150 barrel (bbl) polyethylene tank. The water is then discharged from the recovery tank to the 3-inch HDPE transfer line using a 5 horspower centrifugal transfer pump. There is a ball valve and 'Y' strainer installed between the pump and the frac tank. A flow meter with totalizer, pressure gauge and high pressure cut-off switch and another check valve were installed between the transfer pump and the 3-inch HDPE line. The 3-inch HDPE line was equipped with 3-inch up-stream check valve to promote unidirectional flow towards Rocky Smith SWD Systems State 'E' #23 salt water disposal facility (SWD) (NMOCD # 307219) located approximately 5,288-feet to the west of the Cayler site.

The 150 barrel (bbl) polyethylene tank is equipped with a head pressure switch that will control the groundwater to the transfer pump. A fluid level switch controls on/off electricity to the

compressors (air to pneumatic pumps) and electric pumps. When the water level in the tank achieves a designated height in the recovery tank, the transfer pump will be activated to discharge the water to the disposal facility. When the water level has been depleted to a designated level, the switch will signal the pump to turn-off.

3.0 CONCLUSION

3.1 Conclusion

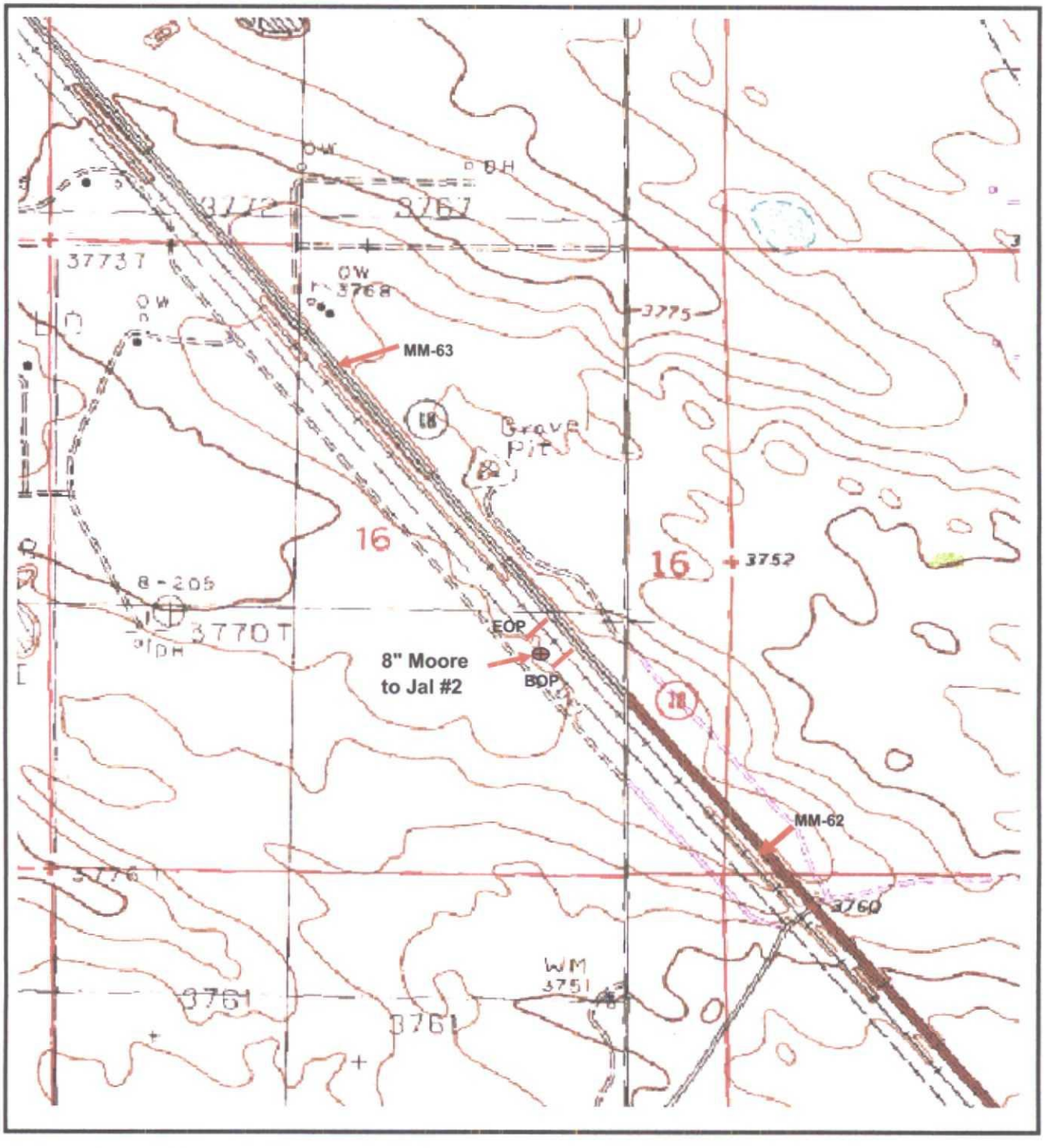
The benefit of continuously disposing recovered water, as proposed, is that it increases the run time for the PSH recovery system. A second benefit is that additional pneumatic and high volume electric total fluids pumps were able to be added to PSH impacted wells since water disposal delays will no longer impede the recovery process. The ultimate result will be enhanced PSH recovery and mitigation of plume expansion. Total volumes of oil and water recovered from by the system will be included in the future Annual Groundwater Monitoring reports.

APPENDIX A

Figures

Figure 1 – Topographic Map
Figure 2 – Moore to Jal #2 Site Plan
Figure 3 – HDPE Transfer Line Layout Plan
Figure 4 – Flow Path Detail

8" Moore to Jal #1 #2
Topographic Map



Center: 32 49' 56.89"N 103 15' 08.48"W
Elevation at center: 3,763 feet (1,147 meters)
Quad: USGS Lovington SE
Drg Name: o32103g3
Drg Source Scale: 1:24,000

Plains Pipeline, LP

Project # 700376.045.01

TALON LPE

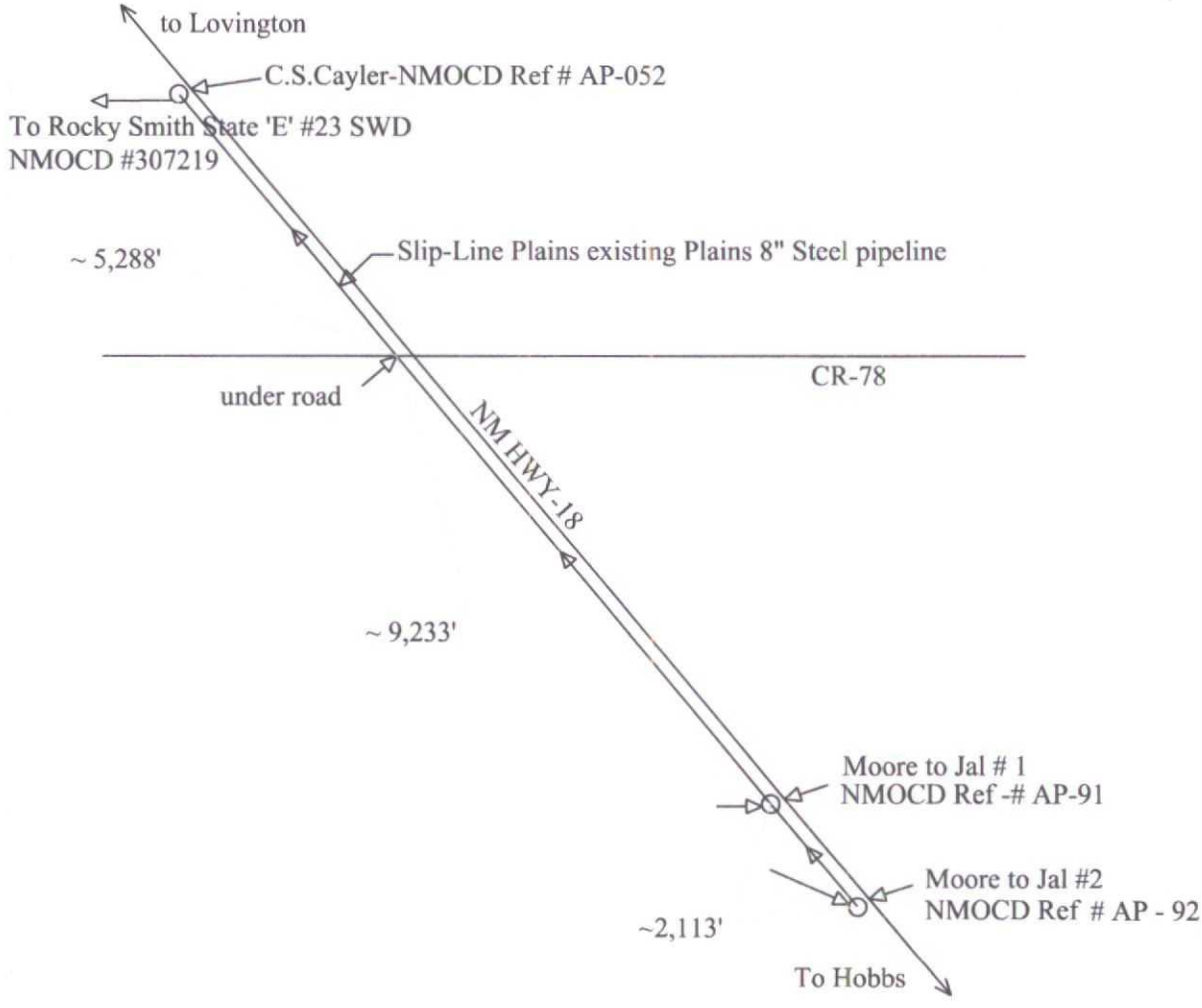
Date:	03/21/2013
Scale:	1" = 80'
Drawn By:	TJS

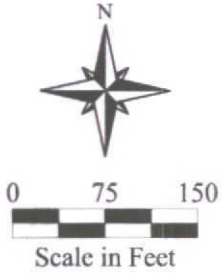
8" Moore to Jal # 2

SRS # 2002-10273, NMOCD REF. # AP-92

9.2 Miles SE of Lovington, NM, Lea County, New Mexico

Figure 1 - Site Plan

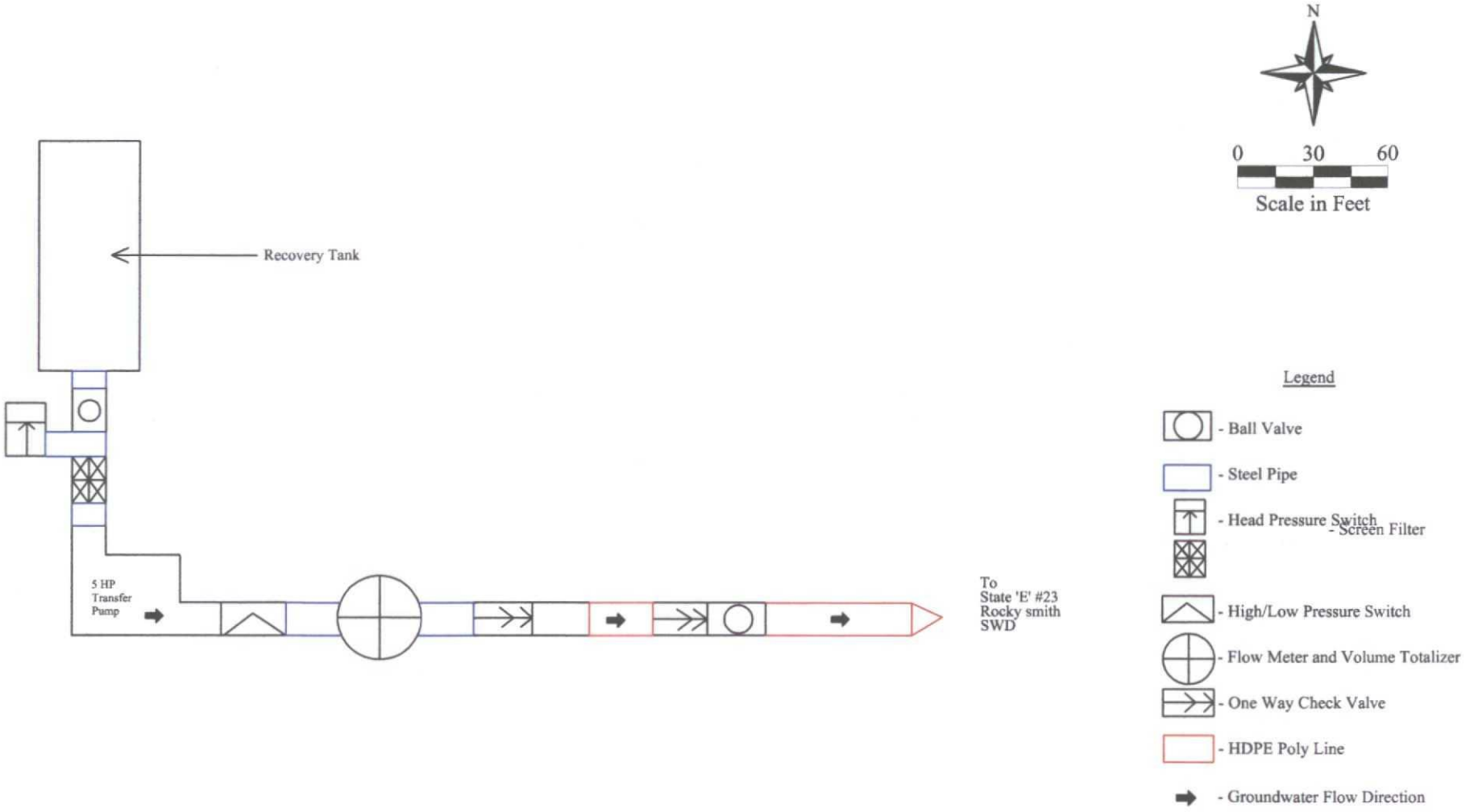




TALON LPE

Date:	03/02/2011
Scale:	1" = 150'
Drawn By:	TJS

Moore to Jal #1 & #2
SRS # 2002-10270 & 2002-10273
Hobbs, Lea County, New Mexico
Figure 3 - HDPE Transfer Line Layout Plan



TALON LPE

Date: 05/09/2013
Scale: 1" = 60'
Drawn By: TJS

Moore to Jal #2
SRS #2002-10270 & 2002-10273
Lea County, New Mexico
Figure 4 - Flow Line Detail