

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company: Rice Operating Company	Contact:
Address: 122 West Taylor	Telephone No.: 505-393-9174
Facility Name: BD	Facility Type: Salt Water Gathering System

Surface Owner: Charlie Bettis	Mineral Owner:	Lease No.:
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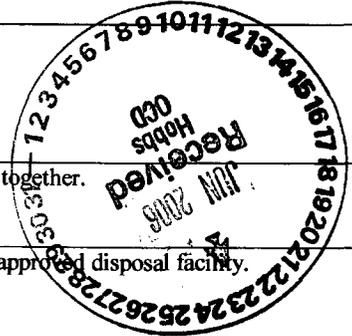
LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
M	9	22S	37E					Lea

Latitude: 32*24.163N Longitude: 103*10.334W

NATURE OF RELEASE

Type of Release: Produced Water with Oil	Volume of Release: 363 barrels	Volume Recovered: 210 barrels
Source of Release: Jct Box	Date and Hour of Occurrence: N/A	Date and Hour of Discovery: 6/8/06
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Pat Caperton left message.	
By Whom? Jennifer Johnson	Date and Hour: 6/8/06 3:50 pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse:	
If a Watercourse was Impacted, Describe Fully.*		
Describe Cause of Problem and Remedial Action Taken.* Coupling blew out. Replaced with flanges fused together.		
Describe Area Affected and Cleanup Action Taken.* Vacuum truck was used to haul produced water to an approved disposal facility.		



I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Jennifer Johnson</i>	OIL CONSERVATION DIVISION	
Printed Name: Jennifer Johnson	Approved by District Supervisor:	
Title: Environmental and Field Technician	Approval Date:	Expiration Date:
E-mail Address: <i>jjohnson@riceswd.com</i>	Conditions of Approval:	
Date: 6/23/06 Phone: 505-393-9174	Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

*incident - nPACO618 735667
application - pPACO61835828*

RP# 948

June 22, 2006

Mr. Paul Sheeley
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico

**RE: INVESTIGATION & CHARACTERIZATION PLAN
BD M-9 ACCIDENTAL DISCHARGE SITE
UL/M SEC 9 T22S R37E**

Mr. Sheeley:

Rice Operating Company (ROC) discovered an accidental discharge on the above mentioned site on June 8, 2006. A coupling blew out thus releasing 363 barrels of which 210 barrels were recovered. The coupling was replaced with 2 flanges fused together as a permanent repair. Regional groundwater information indicates the depth to groundwater is approximately 70 ft bgs. The surface area affected by this release was approximately 10,283 sq ft.

For all environmental projects, ROC will choose a path forward that:

- protects public health,
- provides the greatest net environmental benefit,
- complies with NMOCD Rules, and
- is supported by good science.

Each site shall have three submissions or a combination of:

1. This Investigation and Characterization Plan (ICP) is a proposal for data gathering and site characterization and assessment. Highly impacted topsoil will be removed from the surface at this time and disposed of at a permitted facility.
2. Upon evaluating the data and results from the ICP, a recommended remedy will be submitted in a Corrective Action Plan (CAP). ROC will request concurrence or conditions from NMOCD with this submission.
3. Finally, after implementing the remedy, a closure report with final documentation will be submitted. This will include the C-141 (final) form. ROC will request concurrence or conditions from NMOCD with this submission.

ROC herein submits the enclosed ICP to address potential environmental concerns at the above-referenced site. ROC is the service provider (operator) for the BD SWD System and has no ownership of any portion of the pipeline, well, or facility. The System is owned by a consortium of oil producers, System Partners, who provide all operating capital on a percentage ownership/usage basis.

NMOCD will be notified 48 hours in advance of any significant work. Thank you for your consideration concerning this matter.

Rice Operating Company

A handwritten signature in black ink, appearing to read "Jennifer Johnson", with a long horizontal flourish extending to the right.

Jennifer Johnson
Environmental Technician

Cc: KFP, file

Enclosed: ICP, site map, driving directions, Initial C-141

INVESTIGATION AND CHARACTERIZATION PLAN

BD M-9 ACCIDENTAL DISCHARGE

UL/M SEC 9 T22S R37E

Background and Previous Work

Rice Operating Company (ROC) discovered an accidental discharge on the above mentioned site on June 8, 2006. A coupling blew out thus releasing 363 barrels of which 210 barrels were recovered. The coupling was replaced with 2 flanges fused together as a permanent repair. Regional groundwater information indicates the depth to groundwater is approximately 70 ft bgs. The surface area affected by this release was approximately 10,283 sq ft.

Work Elements

- Impacted topsoil not to exceed 4 inches over entire 10,283 sq ft will be removed and disposed of at an approved facility.
- A water well inventory will be performed to encompass a half mile radius around the release site. The inventory will include a review of water well records on the New Mexico Office of the State Engineer W.A.T.E.R.S. database and United States Geologic Survey (USGS) website. Any water wells denoted on the USGS 7.5 minute topographic quadrangle map within the search radius will be inspected. If viable wells are located, they will be evaluated for the possible water level measurements and groundwater monitoring.
- A produced water sample was taken from the pipeline at the time of release.
- Perimeter and area of the affected surface will be defined using stakes and flagging. Perimeter samples will be taken to define the lateral extent of impact. Vertical delineation will also be conducted. These delineation activities may be performed with the following equipment but not limited to a hand auger, backhoe, and soil boring.
- ROC will employ chloride field tests and PID screenings to monitor constituents of concern on the soil samples that will be collected at regular intervals.
- Appropriate and strategic samples will be submitted for laboratory analysis as confirmation of field tests.
- NMOCD will be notified of any significant activities 48 hours in advance.
- Delineation results from this release site will be used to form an appropriate site specific remedy and will be submitted in a Corrective Action Plan (CAP).

Following completion of the ICP, a CAP that details the site results of this ICP and includes the remedy recommendation will be submitted for NMOCD approval. ROC generally selects the remedy that offers the greatest environmental benefit while causing the least environmental impairment. When evaluating any proposed remedy or investigative work, ROC will confirm that there is a reasonable relationship between the benefits created by the proposed remedy or assessment and the economic and social costs.

BD M-9 LEAK DRIVING DIRECTIONS

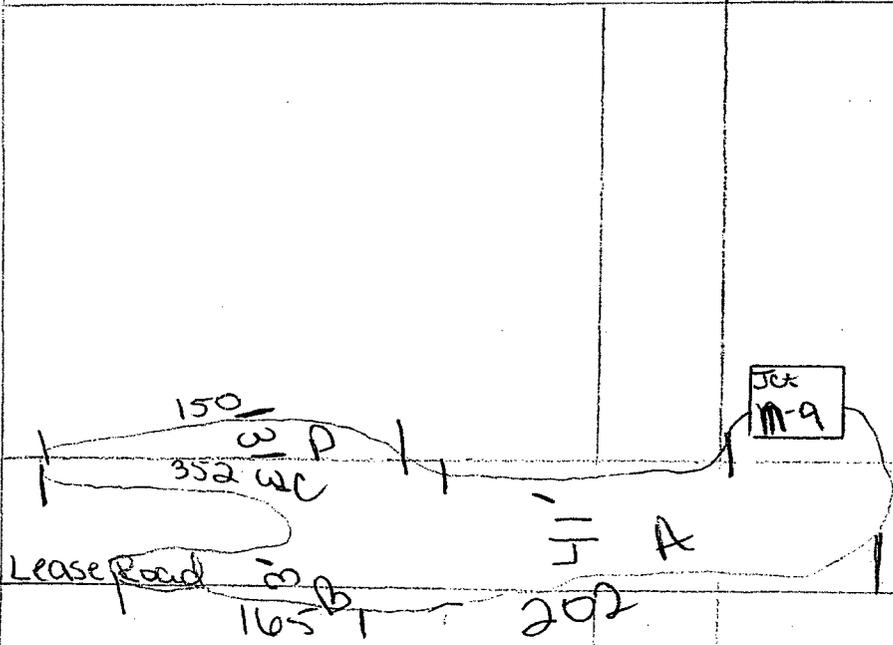
GPS
32*24.163N
103*10.334W

From the intersection of Highway 8 and Legion Road in Eunice, go south on Legion road 2.7 miles. Turn east on Trull Road go through cattle guard continuing for 0.2 miles. Site is on the north side of the lease road.

CAUSE OF LEAK

Discribe cause of problem & how it was repaired.

coupling blew out, replaced with 2 flanges fused together



- A 202x41 = 8282
 - B 165x3 = 495
 - C 352x3 = 1056
 - D 150x3 = 450
-
- 10,283

Lease Road