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REPORTS

DATE:

7/20/2004

RSI(ALO)-996/7-04/05

RESPEC
An Integrated Consulting and Services Company

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July 20, 2004

Mr. Edwin E. Martin
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Martin:

Re: Work Plan for Phase I Investigation and Remediation at the RUNCO Inc. Former Drilling Fluid and Acidizing Plant Located in Lea County, NM

RESPEC is pleased to submit the following work plan and cost estimate for the above-referenced site. All work will be conducted in accordance with all pertinent state and federal regulations. A Professional Geologist will have direct supervisory control over the project. RESPEC will give a minimum of 96 hours' advance notice to the Oil Conservation Division (OCD) Project Manager prior to starting work.

RESPEC personnel visited the site on May 26, 2004 in order to assess site conditions. The site visit included a review of job specifications and a determination of how the work is to be implemented. Included in the scope of work below is an inspection for asbestos in construction materials in the large warehouse located on site. Suspected asbestos coatings on any piping and tanks will also have to be inspected and tested.

The scope of work is organized into the following tasks:

Task 1 – Prepare the work plan.

Task 2 – Contact One-Call and map all buried pipelines and electrical hazards on-site.

Task 3 – Locate all water supply wells within a ¼ mile radius of the property.

Task 4 – Prepare a health and safety plan.

Task 5 – Perform a NORM survey.

Task 6 – Remove and dispose of tank contents (solids and fluids).

Task 7 – Demolish and remove 11 tanks with shear for recycling.

Task 8 – Conduct a site survey to evaluate by sample analysis all surface trash. Remove all piping, equipment, tanks, and trash for off-site disposal or recycling, using OCD RCRA Class D landfills where required.

Task 9 – Define the vertical and horizontal extent of contamination beneath tank footprints and tank bottom piles.

Task 10 – Confirm by sample analysis the presence of asbestos.

Task 11 – Perform asbestos abatement as necessary.

Task 12 - Excavate for evaluation one known location and other suspected locations of buried trash and debris.

Task 13 – Access any on-site water wells and sample for water quality analysis; confirm the historical water supply system for the site.

Task 14 – Drill and complete six (6) groundwater monitoring wells, the locations of borings/wells to be determined by the Project Geologist and the OCD Project Manager;

Task 15 – Prepare and submit the Phase I Investigation report—a detailed report of all findings and associated costs for remedial action and site restoration;

TASK 1 – PREPARE THE WORK PLAN

This task involves the preparation of the work plan and cost estimates, reconnaissance of the site, and interaction with all subcontractors and the OCD Project Manager.

TASK 2 – CONTACT ONE-CALL AND MAP ALL BURIED UTILITIES

RESPEC will contact the New Mexico One-Call System in order to locate, mark, and map all buried pipelines and utilities at the site. A One-Call log will be maintained and updated as required.

TASK 3 – LOCATE WATER SUPPLY WELLS

A walking survey will be performed to determine any water supply wells located within a ¼ mile radius of the site. In addition, RESPEC will use Earth Data Resources (EDR) and the New Mexico State Engineer's Office to determine where water supply wells in the area may exist.

TASK 4 – PREPARE A HEALTH AND SAFETY PLAN

A site-specific health and safety plan (HASP) will be completed before fieldwork commences. The HASP will include, but not be limited to, the following: a site information summary, a list of key personnel on site and their responsibilities, a list of site hazards, emergency information, a job hazard assessment, and procedures for decontamination and disposal, employee training, and emergencies.

TASK 5 – PREPARE A NORM SURVEY

RESPEC will perform a naturally occurring radioactive materials (NORM) survey of all pipes, tanks, and miscellaneous equipment prior to disposal or recycling. This task will be ongoing throughout the demolition and disposal activities at the site. All empty tanks will be inspected and surveyed internally prior to demolition and surveyed externally before disposal or recycling. A registered NORM surveyor will perform the survey in accordance with 19.15.9.714 NMAC and 20.3.14 NMAC.

TASK 6 – REMOVE AND DISPOSE OF TANK CONTENTS

All fluids and solids will be removed from eleven (11) aboveground storage tanks (ASTs) located throughout the site. The tanks range in size from 210-barrel capacity to 500-barrel capacity. Crane Hot Oil Services (Crane) will provide a hot oil unit, trans-vac units, and all appurtenances for removal and disposal of tank contents. All fluids and solids will be disposed at OCD-permitted facilities. Crane will then triple-rinse all tanks to inert them for removal and recycle. All triple-rinse fluids will be transported and disposed of at an OCD-permitted facility. The RESPEC Project Manager will oversee operations and track all transport disposal manifests and disposal certifications. A final report will include all operational procedures and transport and disposal criteria. This phase of the operation is estimated to take ten (10) days.

Pursuant to the scope of work, all trash, including barrels, buckets, batteries, pipes, electrical meters, cut-up ASTs, etc., will be removed from the site for either disposal or recycling.

Any testing that is required prior to disposal or recycling of trash will be performed on a contingency basis, with all laboratory expenses (at Trace Analysis or Pinnacle Laboratory) to be included in this purchase agreement with the OCD. . It should also be noted that all piping and other miscellaneous items will be staged for the NORM survey prior to removal from the site.

TASK 7 – DEMOLISH AND REMOVE TANKS FOR RECYCLING

All eleven (11) tanks will be removed from the site and recycled. Hobbs Iron Works will provide a shear for on-site crushing and all necessary transportation of material to that company's location in Hobbs, New Mexico. In addition, Hobbs Iron Works will remove and recycle other iron and metal objects from the site. The RESPEC Project Manager will oversee these operations, including tank testing, to ensure that tanks are inert and provide tank death certificates. The final report will include all operational procedures and criteria for transport and disposal. This phase of the operation is estimated to take nine (9) days.

TASK 8 – SURVEY AND REMOVE TRASH

All equipment and trash will be evaluated and sample analysis performed as required to determine any environmental impact that may be expected or special handling that may be needed. Non-hazardous or non-regulated trash and debris will be separated and placed in roll-off bins for disposal at Lea County Landfill. Confirmed hazardous or regulated material will be disposed of or recycled per OCD requirements, which may include the use of RCRA Class D landfills. The RESPEC Project Manager will oversee testing and evaluation of trash and debris and proper disposal. He will document the disposal with manifests and certifications. The final report will detail all operational procedures, testing analysis results, and criteria for recycling and disposal. This phase of the operation is estimated to take ten (10) days.

TASK 9 – DEFINE EXTENT OF CONTAMINATION BENEATH TANK FOOTPRINTS/ TANK BOTTOM PILES

The horizontal and vertical extent of soil contamination beneath the tank footprints/tank bottom pile will be determined by trenching with a back hoe. Field personnel will evaluate, describe, and record lithology, odor, and all other observations pertinent to the geology of the site and contamination observed under and surrounding the ASTs. Grab samples will be field screened for total ionizable vapor concentrations with a photoionization detector (PID) unit in a manner consistent with the NMED

Soil/Water Sampling and Disposal Guidelines (NMED, 2000). All results will be recorded in a field notebook.

Samples will be collected from each trench, from both the sidewall and the bottom. The soil samples will be submitted to the laboratory (Trace Analysis or Pinnacle) for analysis by EPA Method 8021 for benzene, toluene, ethylbenzene, and xylenes (BTEX); EPA Method 418.1 for total petroleum hydrocarbons (TPH); and EPA Method 300 for chloride., The laboratory will utilize extraction techniques consistent with the NMED Soil/Water Sampling and Disposal Guidelines (NMED, 2000). All proper chain-of-custody procedures will be followed. All open trenches will be backfilled and compacted when the soil sampling has been completed.

The RESPEC Project Geologist will oversee testing and evaluation of the trenching operation. The final report will include the vertical and horizontal extent of the contamination and the quantities of contaminated material, as well as recommendations for and costs of remedial action. This phase of the operation is estimated to take fourteen (14) days.

TASK 10 – ASBESTOS ANALYSIS

RESPEC will provide personnel certified in asbestos investigation and abatement to do a sitewide evaluation of suspected asbestos-containing material. Samples will be collected and laboratory analysis of suspected asbestos-containing material will be reported. Confirmation samples will be taken from all suspected pipe coatings. The final report will include all findings and analysis reports as well as recommendations for any further abatement and an estimate of associated costs. This phase of the operation is estimated to take five (5) days.

TASK 11 – ASBESTOS ABATEMENT

Asbestos abatement will be implemented for confirmed asbestos-containing material. Southwest Abatement will properly contain, remove, and dispose of asbestos material at a certified disposal site. RESPEC will oversee the operation for proper handling, the transport manifest, and disposal certification. The final report will detail procedures implemented and include manifests and disposal certifications for the removal operation. This phase of the job is estimated to take ten (10) days.

TASK 12 – EXCAVATE BURIED TRASH PIT(S)

Suspected buried trash pits will be investigated by excavations perpendicular to three sides of the known pit. The size, depth, and suspected contamination will be evaluated during this procedure. Field testing will be confirmed by laboratory analysis of soils encountered. The RESPEC Project Geologist will oversee the operation for sampling, trash/debris description, field testing, volume calculations, and defining the vertical and horizontal extent of the pit and any contamination. . The final report will include procedures implemented, the extent of trash and contamination, and cost estimates for remedial action and disposal. This phase of the operation is estimated to take four (4) days.

TASK 13 – SAMPLE ON-SITE WATER WELLS

RESPEC will investigate the accessibility of any existing water wells and use them to determine water depth measurements, well development, and sampling for water quality. The condition and accessibility of each well will be used to determine the locations of six (6) new soil borings and groundwater monitoring wells. RESPEC will report all findings to the OCD Project Manager for determining new well locations. The final report will include all findings and procedures used for well access and monitoring. This phase of the operation is estimated to take two (2) days.

TASK 14 – DRILL AND COMPLETE GROUNDWATER MONITORING WELLS

Six (6) soil borings will be drilled and completed as groundwater monitoring wells (two-inch well completions with an estimated water depth of 35-50 feet below ground surface) throughout the site (300 feet of total footage). Each boring will be continuously cored and samples will be collected at five-foot intervals for field screening and laboratory analysis (two per boring). Spectrum Drilling will provide a CME-75 hollow-stem auger drilling rig for boring and well completion. Monitoring wells will be surveyed for USGS elevations at the tops of casings to determine groundwater gradient magnitude and direction. The RESPEC Project Geologist will oversee all work and field description of lithology, field screening of cores (with PID and chloride), well development, laboratory sample preservation and chain of custody, and well completion procedures. The final report will include all findings and procedures and will detail any groundwater impact. This phase of the operation is estimated to take ten (10) days.

TASK 15 – PREPARE AND SUBMIT THE PHASE I INVESTIGATION REPORT

Following the completion of fieldwork, a Phase I Investigation Report will be prepared and submitted to the OCD Project Manager. The report will include, but not be limited to, the following:

- A site map showing all buried pipelines, electrical hazards, and monitoring well locations.
- The NORM survey results.
- Manifests documenting the volume of material removed from the tanks, the name of the disposal/reclamation company used, and the volume of material disposed of in the landfill.
- The name of the tank reclamation or scrap iron facility used.
- Documentation of the volume/weight of trash removed and the disposal/recycling company used.
- A tabulation of all analytical data gathered during the investigation.
- A map, or maps, with cross sections showing the location, depth, and concentrations of the remaining soil contamination.
- Documentation of the remediation techniques and recommendations pursuant to the scope of work,.

ASSUMPTIONS

- Excavation areas will be free of underground utilities.
- Excavated areas will be finished with backfill.
- Access to the site will be during normal working hours.
- Trenching under tanks or overflow will be limited to one trench across the diameter of each tank/overflow to a depth of 2.5 feet and will be completed in one working day. Additional trenching will be available on a contingency basis;
- All waste at the site is considered exempt oil field waste. If, during the course of the investigation, the waste becomes classified as non-exempt, additional testing (TCLP and RCI to acquire a C-138 Oil Commission Permit) and disposal fees will be required.
- All laboratory fees will be included in the RUNCO purchase agreement between the OCD and RESPEC.

INSURANCE

RESPEC maintains at its own expense the following insurance plans in amounts equal to or greater than the value of the services to be performed under the terms of this work plan:

- Workers' compensation insurance--statutory.
- Employer's liability insurance of $500,000 per occurrence, $1,000,000 aggregate.
- Comprehensive general liability insurance of $1,000,000 per occurrence, $1,000,000 aggregate.
- Vehicle liability insurance of $500,000 per occurrence (property damage and bodily injury combined).

Within twenty (20) working days of the contract signing, RESPEC will provide the owner/operator (O/O), a certificate of insurance naming the O/O as the certificate holder.

Respectfully submitted by:

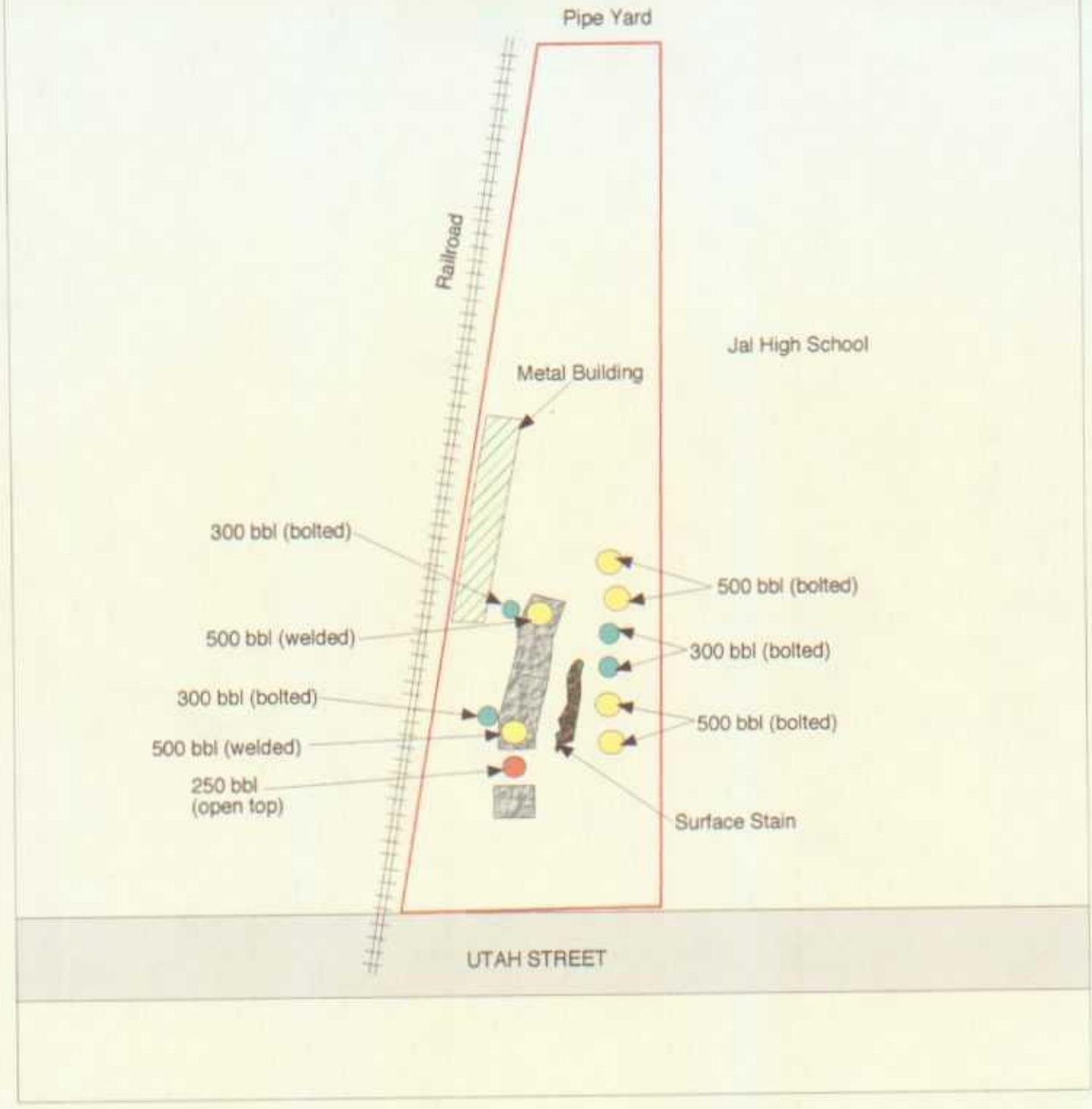
David A. Henard
Manager, Geosciences

John R. Bunch, P.G.
Project Geologist

JRB:pas

Enclosures

cc: Proposal File 2161



EXPLANATION:

- Building
- Concrete Pad
- Property Line

N

0 100 ft

Scale 1"=100'

SITE MAP

Runco, Inc.
300 E. Utah St.
Jal, New Mexico

Drawn by:	DH	7/04
Drafted by:	ABL	7/04
Approved by:	JB	7/04

RESPEC
An Integrated Consulting and Services Company

Proposal# P2161

Figure 1

Picture 1. Overview of the RUNCO site, looking south

Picture 2. The RUNCO loading dock and warehouse

Picture 3. A 500-barrel bolted tank with corrosion

Picture 4. A 500-barrel welded tank

Picture 5. A highly corroded 500-barrel bolted tank

Picture 6. A highly corroded 250-barrel bolted tank

Picture 7. Debris and trash in front of corroded tank

Picture 8. Piping, trash, and debris

Picture 9. A corroded 250-barrel blender tank (bolted)

Picture 10. Contents of the 250-barrel blender tank shown above

Cost Estimate - (GSD Unit Pricing)
Runco Site, Jal, NM

Vendor No. 5187719
PA Number: 40-805-09-18283

RESPEC Inc.
Commodity Code: 72002 66074

LN	QTY	RATE	UNIT	COST	DESCRIPTION
*0001	200	$75.00	Hour	$15,000.00	Principal
*0002	200	$70.00	Hour	$14,000.00	Senior Scientist
*0003	100	$63.00	Hour	$6,300.00	Project Manager/Certified Scientist
*0004		$50.00	Hour	$0.00	Staff Scientist
*0005	215	$36.00	Hour	$7,740.00	Field Technician II
*0006	80	$31.00	Hour	$2,480.00	Field Technician I
*0007	10	$35.00	Hour	$350.00	Draftsperson II
*0008		$25.00	Hour	$0.00	Draftsperson I
*0009	4	$32.00	Hour	$128.00	Administrator
*0010		$30.00	Hour	$0.00	Secretary
*0011	2	$20.00	Hour	$40.00	Clerk
*0012		$5.00	Each	$0.00	Combination - Exposimeter
*0013		$5.00	Each	$0.00	Water Quality Meter
*0017					Expendable Field Equipment
*0019		$5.00	Each	$0.00	Fluid Detector
*0020		$5.00	Each	$0.00	Interface Probe
*0021		$5.00	Day	$0.00	PID
*0025		$120.00	Day	$0.00	Backhoe 1
*0026		$157.00	Day	$0.00	Backhoe 2
*0027	10	$180.00	Day	$1,800.00	Backhoe 3
*0028		$350.00	Day	$0.00	Trackhoe 1
*0029		$450.00	Day	$0.00	Trackhoe 2
*0031	210	$1.48	Foot	$310.80	2" blank PVC, 10 ft sections
*0033	90	$2.70	Foot	$243.00	2" screen, 10 ft sections
*0035	50	$7.00	Each	$350.00	Filter Pack Sand per 100# sack
*0036	6	$27.00	Each	$162.00	Bentonite pellets per 50# sack
*0037		$7.00	Each	$0.00	Bentonite Chips per 50# sack
*0039	6	$72.50	Each	$435.00	12" Manhole (well vault)
*0040		$0.05	Each	$0.00	Copies
*0042	12500	$0.32	Mile	$4,000.00	Personal Vehicle Mileage
*0043	75	$65.00	Each	$4,875.00	Per Diem/Overnight
*0045	3382	$30.00	Each	$101,460.00	Barrel Disposal - Solids
*0046	16	$80.00	Each	$1,280.00	Site Surveying
*0047	1000	$1.50	Mile	$1,500.00	Mobe/Demobe: Drill Rig (Medium duty)
*0048		$15.00	Foot	$0.00	Hollow-Stem Auger Drilling Services (S-M)
*0049	300	$19.00	Foot	$5,700.00	Hollow-Stem Auger Drilling Services (L)
*0050		$170.00	Hour	$0.00	Air Rotary Drill Rig
*0051	84	$21.00	Foot	$1,764.00	Coring
*0052		$50.00	Day	$0.00	Water Truck -
*0053	7	$50.00	Day	$350.00	Pick up Truck -
*0054	4	$50.00	Day	$200.00	Steam cleaner
*0058	6	$8.00	Each	$48.00	2" Locking J-Plug
*0060	5	$50.00	Day	$250.00	Peristaltic Pump
				$10,000.00	SW Abatement
				$50.00	Earth Data Analysis Center

TOTAL $180,815.80 (a) + 0.06025 (NMGRT) = **$191,709.95**

STATE OF NEW MEXICO
PURCHASE DOCUMENT

AGENCY CODE	521	DOCUMENT NUMBER	04-199-001268
DATE	06/03/04	BUDGET FY	04

DO NOT STAPLE BAR CODES

VENDOR CODE: 460315848 A

VENDOR NAME AND ORDER ADDRESS:
RE/SPEC INC
4775 INDIAN SCHOOL RD NE #300

ALBUQUERQUE NM87110

SHIP TO:
OIL CONSERVATION DIVISION
1220 SO. ST. FRANCIS DRIVE
SANTA FE, NM 87505

BILL TO:
OIL CONSERVATION DIVISION
1220 SO. ST. FRANCES DRIVE
SANTA FE, NM 87505

AGENCY CONTACT: VICKY ZAMORA
PHONE NUMBER: (505) 476-3445

LN	FUND	AGCY	ORG/PRG	APPR UNIT	DIVISION	OBJECT	AMOUNT
1	199	521	P586	300	0700	3522	200,000.00
Maximum of six accounting lines per purchase document						TOTAL	200,000.00

DFA APPROVED

LN	FUND	AGCY	ORG/PRG	APPR UNIT	DIVISION	OBJECT	AMOUNT
1	199	521	0750	301	0700	3522	200,000.00
						TOTAL	200,000.00

☐ PURCHASE REQUISITION *(BIDS MUST BE REQUESTED FOR ITEMS OVER $1,5000.00)* BUYER:

RECOMMENDED SOURCE & SPECIAL REMARKS:

☐ ESTABLISH ☐ RENEWAL NO.:

☒ CONTRACT, PRICE AGREEMENT, PURCHASE ORDER OTHER THAN PROFESSIONAL SERVICE CONTRACTS:
(APPROVED VENDORS MUST BE USED FOR ITEMS UNDER CONTRACT)

C/PA /PO # 408050918283 EXPIRES: 11-23-04

☐ DIRECT PURCHASE ORDER
(ONLY VALID FOR PURCHASES $1,500.00 AND UNDER)

☐ EXEMPT FROM THE NM PROCUREMENT CODE
PURSUANT TO SECTION _____ *NMSA, 1978.*

☐ EXCLUDED FROM PROCUREMENT THROUGH STATE PURCHASING
PURSUANT TO SECTION _____ *NMSA, 1978.*

☐ FOR ENCUMBERING PURPOSES ONLY
REASON: _____

APPROVAL 1	DATE	APPROVAL 2	DATE
Vicky Zamora			

AGENCY APPROVAL - I certify that the proposed purchase represented by this document is authorized by and is made in accordance with all State (and if applicable Federal) legislation, rules and regulations. I further certify that adequate unencumbered cash and budget expenditure authority exists for this proposed purchase and all other outstanding purchase commitments and accounts payable.

AGENCY AUTHORIZED SIGNATURE: DATE:

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1 VENDOR/SPD (PRONLY) 2 DFA COPY 3 AGENCY COPY 4 AGENCY COPY

AGENCY CODE	DOCUMENT NUMBER
521	04-199-001268
DATE 06/03/04	BUDGET FY 04

STATE OF NEW MEXICO
PURCHASE DOCUMENT
CONTINUATION SHEET

TERMS	
DELIVERY DATE 06/03/04	FOB D
BUDGET VERIFIED BY:	

AGENCY NAME State of New Mexico Energy & Minerals

COMM LN	QUANTITY	UNIT	COMMODITY CODE	ACCT LN.	ARTICLE AND DESCRIPTION	UNIT COST	TOTAL COST
1	1.000	EACH			*Phase I Investigation and Remediation for Runco in Jal, NM - Former Mud Company for Oil & Gas Industry*	200000.000000	200,000.00

TOTAL	200,000.00

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