

1R - 427 - 96

REPORTS

DATE:

1 - 27 - 2003

IR 0477A-96

DISCLOSURE REPORT

**RICE OPERATING COMPANY
JUNCTION BOX DISCLOSURE REPORT**

BOX LOCATION

SWD SYSTEM	JUNCTION	UNIT	SECTION	TOWNSHIP	RANGE	COUNTY	BOX DIMENSIONS - FEET		
							Length	Width	Depth
EME	N-4-1	N	4	20S	37E	LEA	12	7	8

LAND TYPE: BLM _____ STATE _____ FEE LANDOWNER ELSIE REEVES OTHER _____

Depth to Groundwater 31 feet NMOCD SITE ASSESSMENT RANKING SCORE: 20

Date Started 5/6/2002 Date Completed 8/8/2002 OCD Witness NO

Soil Excavated 400 cubic yards Excavation Length 40 Width 35 Depth 8 feet

Soil Disposed 168 cubic yards Offsite Facility J&L LANDFARM Location MONUMENT, NM

ANALYTICAL RESULTS: Sample Date 8/6/2002 Sample Depth 8'

Procure 5-point composite sample of bottom and 4-point composite sample of sidewalls. TPH, BTEX and Chloride laboratory test results completed by using an approved lab and testing procedures pursuant to NMOCD guidelines.

Sample Location	Benzene mg/kg	Toluene mg/kg	Ethyl Benzene mg/kg	Total Xylenes mg/kg	GRO mg/kg	DRO mg/kg	Chlorides mg/kg
SIDEWALLS	<0.005	<0.005	<0.005	<0.015	<10	17.4	800
BOTTOM	<0.005	<0.005	<0.005	<0.015	79	734	592

General Description of Remedial Action: Four soil borings were completed at this site

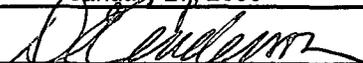
In October, 2001 to investigate possible groundwater impact. SB #1, adjacent to this junction box found chlorides to groundwater at 31' bgs and TPH stopped at 10' bgs. Water samples taken from all four soil borings indicated chlorides at WQCC guidelines. A groundwater well located just west of this site is sampled quarterly to monitor groundwater quality. All this information has been approved by the NMOCD and a copy is included in this report. Vertical delineation of the box to 12.5' bgs found chlorides diminishing from 3287 ppm at 5' to 554 ppm at 12.5' bgs. The lateral extent was delineated to 8' bgs and a compacted clay liner was installed and tested. The test results are included. Fresh soil was hauled and blended and backfilled. A water proof junction box installed. The groundwater well will continue to be sampled and an annual report will be sent to the NMOCD.

CHLORIDE FIELD TESTS

LOCATION	DEPTH	mg/kg
SIDEWALLS	6'	856
BOTTOM	8'	607
Vertical Trench	5'	3287
	9'	300
	11'	788
	12.5'	554

I HEREBY CERTIFY THAT THE INFORMATION ABOVE IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DATE January 27, 2003 PRINTED NAME D. E. Anderson

SIGNATURE  TITLE Project Leader - Environmental



**ARDINAL
LABORATORIES**

PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

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

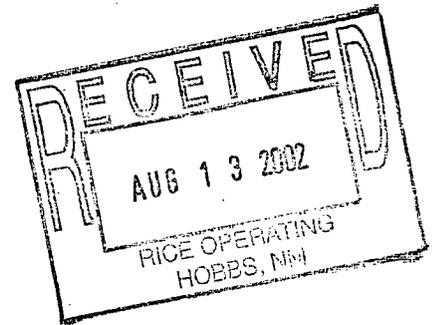
ANALYTICAL RESULTS FOR
RICE OPERATING CO.
ATTN: D. ANDERSON
122 W. TAYLOR
HOBBS, NM 88240
FAX TO: (505) 397-1471

Receiving Date: 08/09/02
Reporting Date: 08/10/02
Project Owner: ROC
Project Name: EME JCT. BOX UPGRADE
Project Location: JCT N-4-1

Sampling Date: 08/06/02
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: BC

LAB NUMBER	SAMPLE ID	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE		08/10/02	08/10/02	08/10/02	08/10/02
H6947-1	8' BGS BTM. COMP.	<0.005	<0.005	<0.005	<0.015
H6947-2	6' BGS WALL COMP.	<0.005	<0.005	<0.005	<0.015
Quality Control		0.100	0.092	0.095	0.276
True Value QC		0.100	0.100	0.100	0.300
% Recovery		100	92.3	94.6	92.1
Relative Percent Difference		8.2	8.3	5.7	8.6

METHOD: EPA SW-846 8260



[Signature]
Chemist

8/10/02
Date

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ANALYTICAL RESULTS FOR
RICE OPERATING CO.
ATTN: D. ANDERSON
122 W. TAYLOR
HOBBS, NM 88240
FAX TO: (505) 397-1471

Receiving Date: 08/09/02
Reporting Date: 08/12/02
Project Owner: ROC
Project Name: EME JCT. BOX UPGRADE
Project Location: JCT N-4-1

Sampling Date: 08/06/02
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: BC/AH

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/Kg)	DRO (>C ₁₀ -C ₂₈) (mg/Kg)	Cl* (mg/Kg)
ANALYSIS DATE		08/10/02	08/10/02	08/12/02
H6947-1	8' BGS BTM. COMP.	78.9	734	592
H6947-2	6' BGS WALL COMP.	<10.0	17.4	800
Quality Control		812	788	1030
True Value QC		800	800	1000
% Recovery		102	98.5	91.0
Relative Percent Difference		0.6	4.2	1.2

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Cl: Std. Methods 4500-ClB

*Analyses performed on 1:4 w:v aqueous extracts.




Chemist


Date

H6947A.XLS

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LABORATORY TEST REPORT
PETTIGREW and ASSOCIATES, P.A.

1110 N. GRIMES
HOBBS, NM 88240
(505) 393-9827

DEBRA P. HICKS, P.E./L.S.I.
WILLIAM M. HICKS, III P.E./P.S.

TO: Rice Operating
Attn: Donnie Anderson
122 W. Taylor
Hobbs, New Mexico 88240

MATERIAL: Red Clay

TEST METHOD: ASTM: D 2922

PROJECT: Junction N 41

DATE OF TEST: August 7, 2002

DEPTH: Finished Subgrade

<u>TEST NO.</u>	<u>LOCATION</u>	<u>DRY DENSITY</u> <u>% Maximum</u>	<u>% MOISTURE</u>	<u>DEPTH</u>
SG-1	Junction Box N 41 " EME System"	93.3	18.3	

CONTROL DENSITY: 106.7
ASTM: D 698

OPTIMUM MOISTURE: 18.6%

REQUIRED COMPACTION: 95%

LAB NO.: 02-2697-2699

PETTIGREW and ASSOCIATES

COPIES TO: Rice - Don Anderson

BY:  S.E.T.



J & L LANDFARM, INC.

P.O. BOX 356
HOBBS, NEW MEXICO 88241-0356
PHONE (505) 393-9697 • PERMIT # NM-01-0023

0302

Generator/Company RICE OPERATING CO.

Authorized Representative DONNIE ANDERSON

Originating Site J.C.T. N-4-1 EME
5-4 T205 R37E

Transporter WALTON CONSTRUCTION CO

Authorized Representative Ramon Hernandez

Brief Description of Material NON-HAZ SOIL

Estimated Volume 168 YARDS

TPH SEE TEST

BE-TEX '' ''

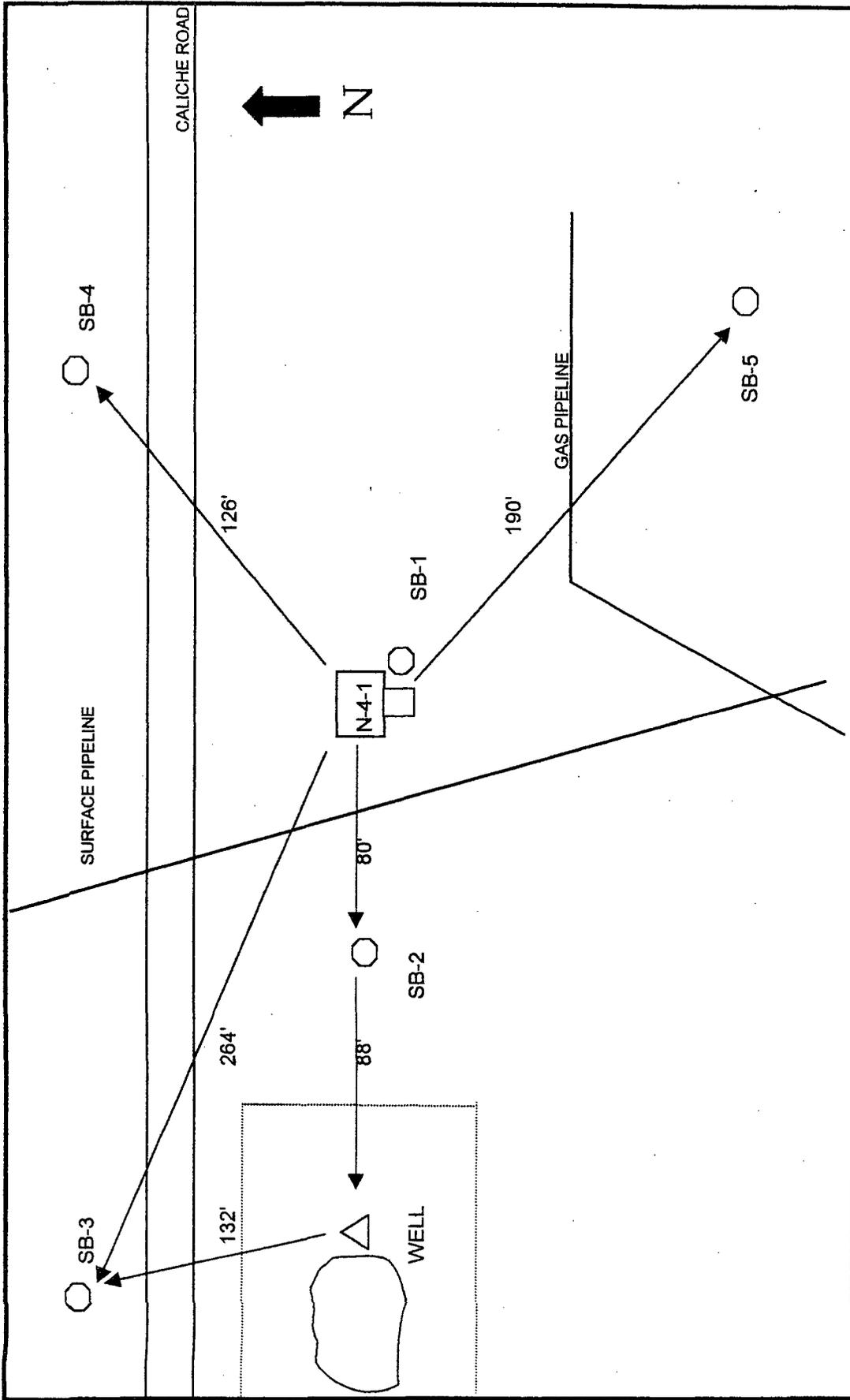
CERTIFICATE OF CHEMICAL ANALYSIS (if required) N/A

Lee M. Roberts
FACILITY AUTHORIZED REPRESENTATIVE

Aug. 6, 2002
DATE



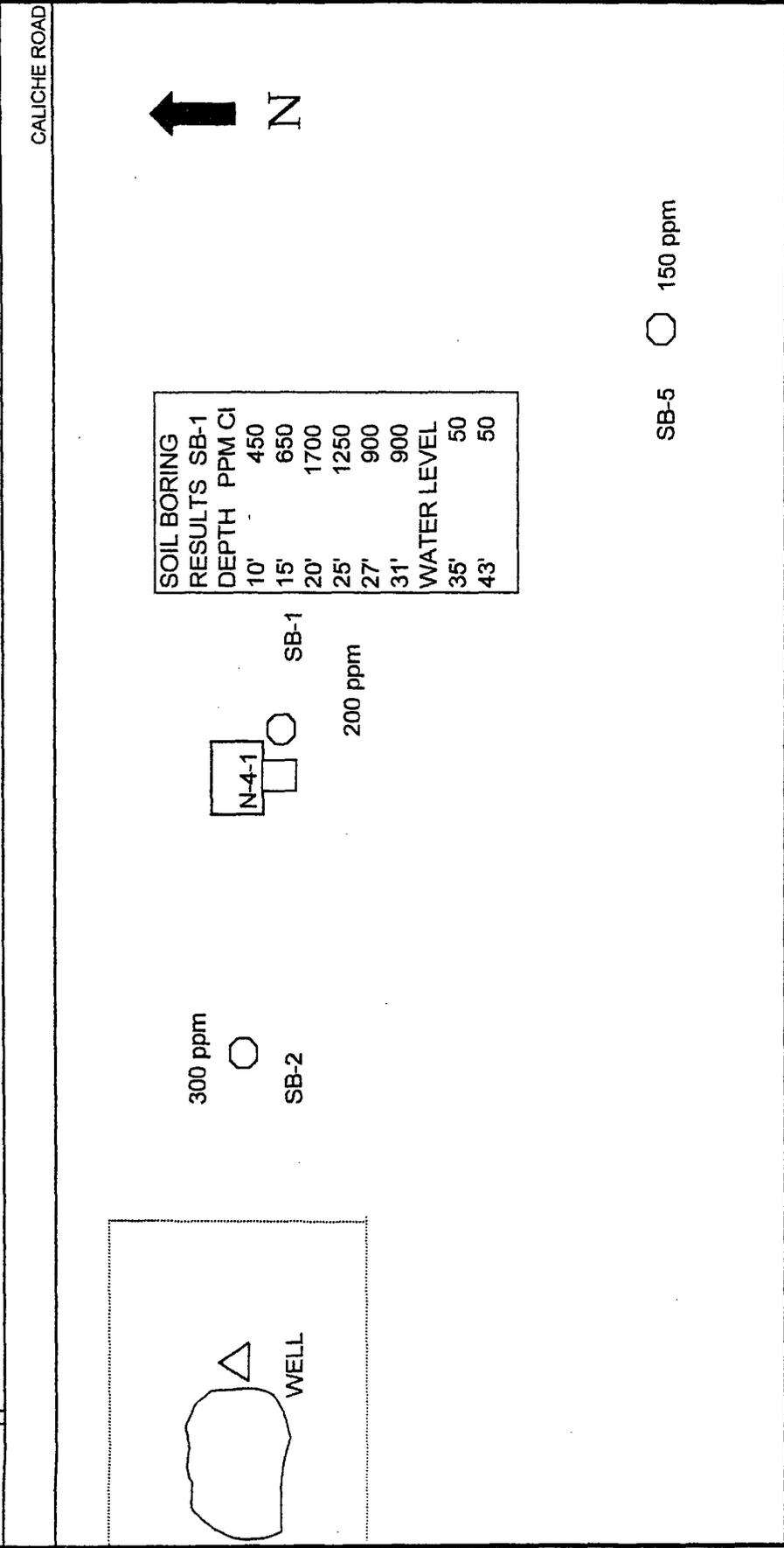
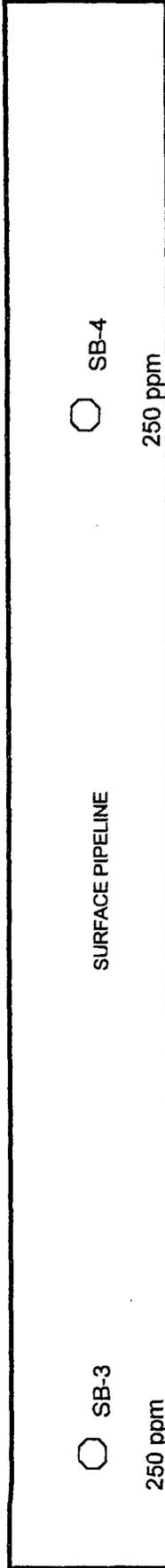




Rice Operating Company
 122 West Taylor
 Hobbs, NM 88240

10/23/2001
SOIL BORING SITES

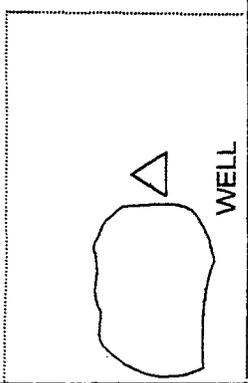
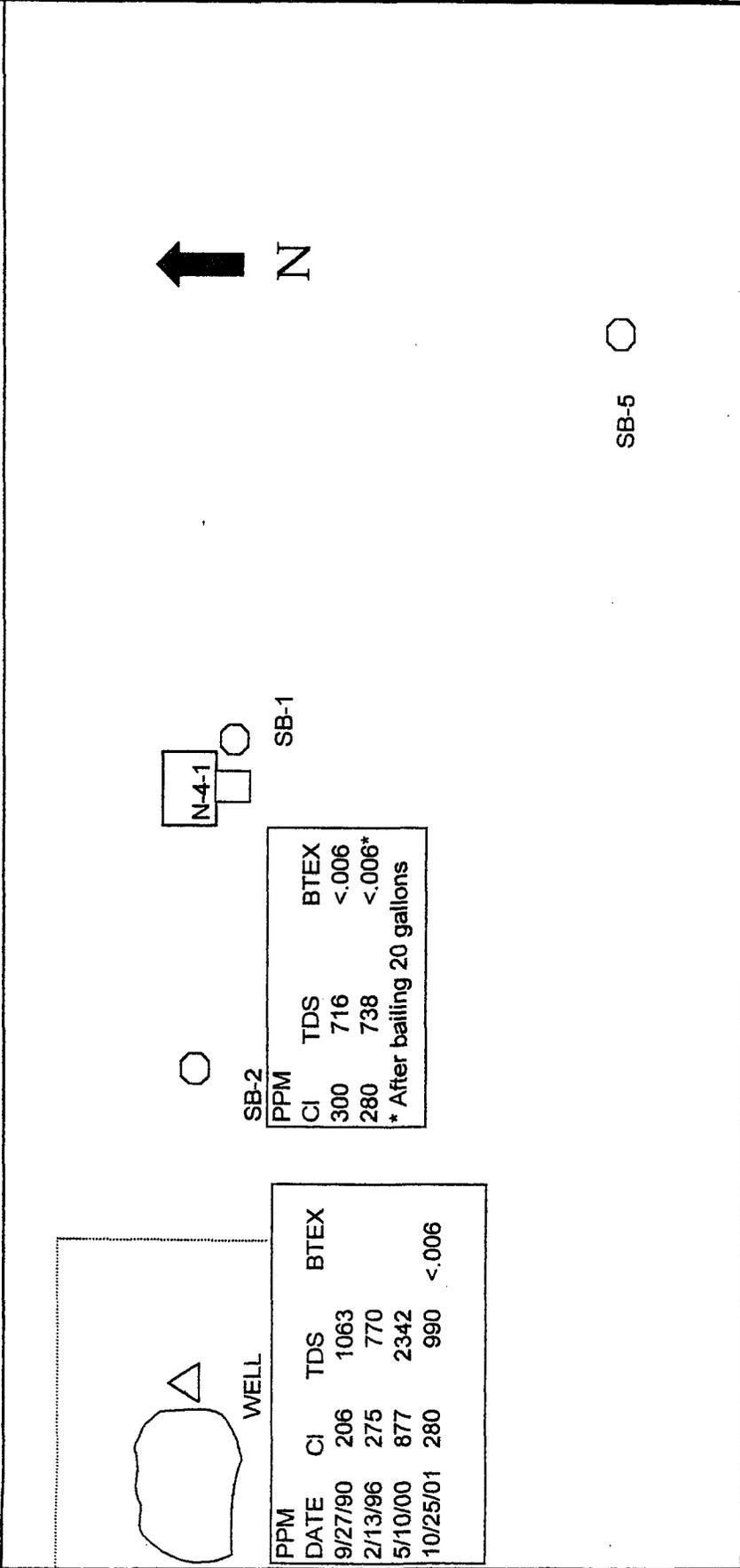
EME SWD System
 Unit Letter N, Sec 4-T20S-R37E
 Lea County, New Mexico



Rice Operating Company 122 West Taylor Hobbs, NM 88240	10/23/2001 SOIL BORING SITES FIELD CHLORIDE TEST RESULTS	EME SWD System Unit Letter N, Sec 4-T20S-R37E Lea County, New Mexico
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○ SB-3	PPM Cl 240	TDS 616	BTEX <.006
○ SB-4			

CALICHE ROAD



PPM	DATE	Cl	TDS	BTEX
	9/27/90	206	1063	
	2/13/96	275	770	
	5/10/00	877	2342	
	10/25/01	280	990	<.006

PPM	Cl	TDS	BTEX
	300	716	<.006
	280	738	<.006*

* After bailing 20 gallons

Rice Operating Company 122 West Taylor Hobbs, NM 88240	10/24/2001	EME SWD System Unit Letter N, Sec 4-T20S-R37E Lea County, New Mexico
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SOIL BORING SITES
LAB CHLORIDE TEST RESULTS



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

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

ANALYTICAL RESULTS FOR
 RICE OPERATING CO.
 ATTN: DONNIE ANDERSON
 122 W. TAYLOR
 HOBBS, NM 88240
 FAX TO: (505) 397-1471

Receiving Date: 10/23/01
 Reporting Date: 10/24/01
 Project Number: N-4-1
 Project Name: N-4-1 SOIL BORINGS SAMPLES (WATER)
 Project Location: EME

Sampling Date: 10/23/01
 Sample Type: GROUNDWATER
 Sample Condition: COOL & INTACT
 Sample Received By: GP
 Analyzed By: BC

LAB NUMBER	SAMPLE ID	BENZENE (mg/L)	TOLUENE (mg/L)	ETHYL BENZENE (mg/L)	TOTAL XYLENES (mg/L)
ANALYSIS DATE		10/23/01	10/23/01	10/23/01	10/23/01
H6234-2	NH4-1 SB 2	<0.002	<0.002	<0.002	<0.006
H6234-3	NH4-1 BORE #3	<0.002	<0.002	<0.002	<0.006
Quality Control		0.107	0.102	0.111	0.326
True Value QC		0.100	0.100	0.100	0.300
% Recovery		107	102	111	109
Relative Percent Difference		5.7	0.8	1.7	2.3

METHOD: EPA SW-846 8260

Burgess H. Cooke
 Chemist

10/24/01
 Date

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ANALYTICAL RESULTS FOR
RICE OPERATING CO.
ATTN: DONNIE ANDERSON
122 W. TAYLOR
HOBBS, NM 88240
FAX TO: (505) 397-1471

Receiving Date: 10/23/01
Reporting Date: 10/25/01
Project Number: N-4-1
Project Name: N-4-1 SOIL BORINGS SAMPLES (WATER)
Project Location: EME

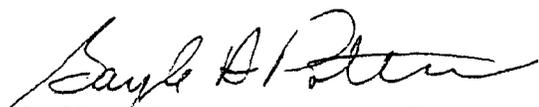
Sampling Date: 10/23/01
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (uS/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:		10/24/01	10/24/01	10/24/01	10/24/01	10/24/01	10/24/01
H6234-2	NH4-1 SB 2	32	150	49	143	1662	265
H6234-3	NH4-1 BORE #3	78	110	61	6.58	2001	288
Quality Control		NR	55	46	5.29	1489	NR
True Value QC		NR	50	50	5.00	1413	NR
% Recovery		NR	110	92.0	106	105	NR
Relative Percent Difference		NR	1.6	4.0	0.4	0.3	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:		10/24/01	10/24/01	10/24/01	10/24/01	10/25/01	
H6234-2	NH4-1 SB 2	300	135	0	324	7.36	716
H6234-3	NH4-1 BORE #3	240	125	0	288	7.47	616
Quality Control		970	50.95	NR	944	6.97	NR
True Value QC		1000	50.00	NR	1000	7.00	NR
% Recovery		97.0	102	NR	94.4	99.6	NR
Relative Percent Difference		4.0	2.7	NR	5.9	0.6	5.1

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
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Gayle A. Potter, Chemist

10/25/2001
Date

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H6234A.XLS



CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page of

BILL TO

ANALYSIS REQUEST

Company Name: Rice Operating Co.
 Project Manager: Donnie Anderson
 Address: 122 W. Taylor
 City: Hobbs State: N.M. Zip: 88240
 Phone #: 393-9174 Fax #: 397-1471
 Project #: N41-1 Project Owner:
 Project Name: N-4-1 soil borings samples (water)
 Project Location: E ME
 Sampler Name:
 FOR LAB USE ONLY

LAB ID.	SAMPLE ID.	(G)RAB OR (C)OMP:	# CONTAINERS	MATRIX	PRESERV	SAMPLING	DATE	TIME	REMARKS
N41-1-1	N41-1-1-518-1								
N41-1-2	N41-1-1-518-2								
N41-1-3	N41-1-1-518-3								
N41-1-4	N41-1-1-518-4								
N41-1-5	N41-1-1-518-5								

PLAQUE NOTE: Tally and Damages. Cardholder's liability and their's includes remedy for any data entry, handling or cost of test, until the sample is returned to the sender for the analysis. All data including chain of custody and any other items submitted shall be deemed void unless made in writing and received by Cardinal within 30 days after completion of the analysis. In the event that Cardholder is liable for incident or consequential damages, including without limitation, business interruption, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services rendered by Cardinal, regardless of whether such claim is based upon any of the above stated remedies or otherwise.

Form and Conditions: Sample will be shipped in 24 hours from 8:00 AM to 4:00 PM. Rate of \$75 per analysis from the original date of analysis, and all costs of collection, including delivery, here.

Delivered By: (Circle One)
 Sampler: UPS - Buses - Other:

Relinquished By: Donnie Anderson
 Date: 10/23/2001
 Time: 4:35 PM

Received By: (Lab Staff)
 Date: 10/23/2001
 Time: 4:35 PM

Sample Condition:
 Cool Intact Yes No
 Checked By: (Initials)

Phone Result: Yes No Add'l Phone #:
 Fax Result: Yes No Add'l Fax #:
 REMARKS:

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476.



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

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

ANALYTICAL RESULTS FOR
 RICE OPERATING CO.
 ATTN: DONNIE ANDERSON
 122 W. TAYLOR
 HOBBS, NM 88240
 FAX TO: (505) 397-1471

Receiving Date: 10/25/01
 Reporting Date: 10/26/01
 Project Number: EME N-4-1
 Project Name: N-4-1 SOIL BORINGS
 Project Location: LEA COUNTY, NM

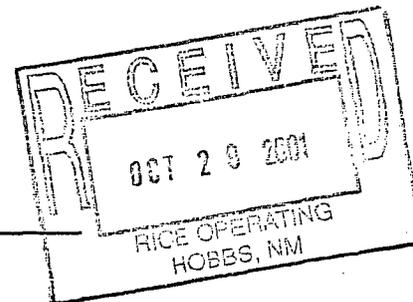
Sampling Date: 10/24/01
 Sample Type: GROUNDWATER
 Sample Condition: COOL & INTACT
 Sample Received By: AH
 Analyzed By: BC

LAB NUMBER	SAMPLE ID	BENZENE (mg/L)	TOLUENE (mg/L)	ETHYL BENZENE (mg/L)	TOTAL XYLENES (mg/L)
ANALYSIS DATE		10/25/01	10/25/01	10/25/01	10/25/01
H6239-1	SB 2 >20 GAL	<0.002	<0.002	<0.002	<0.006
H6239-2	WATER WELL	<0.002	<0.002	<0.002	<0.006
Quality Control		0.114	0.105	0.104	0.305
True Value QC		0.100	0.100	0.100	0.300
% Recovery		114	105	104	102
Relative Percent Difference		0.5	2.1	4.6	4.6

METHOD: EPA SW-846 8260

Bryan J. Coche
 Chemist

10/26/01
 Date



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RICE OPERATING CO.
ATTN: DONNIE ANDERSON
122 W. TAYLOR
HOBBS, NM 88240
FAX TO: (505) 397-1471

Receiving Date: 10/25/01
Reporting Date: 10/26/01
Project Number: EME N-4-1
Project Name: N-4-1 SOIL BORINGS
Project Location: LEA COUNTY, NM

Sampling Date: 10/24/01
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: AH
Analyzed By: AH

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:		10/25/01	10/25/01	10/25/01	10/25/01	10/25/01	10/25/01
H6239-1	SB 2 >20 GAL	66	150	43	7.29	1496	243
H6239-2	WATER WELL	68	160	67	5.53	1656	354
Quality Control		NR	55	46	5.29	1489	NR
True Value QC		NR	50	50	5.00	1413	NR
% Recovery		NR	110	92.0	106	105	NR
Relative Percent Difference		NR	1.6	4.0	0.4	0.3	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:	10/25/01	10/25/01	10/25/01	10/25/01	10/25/01	10/26/01
H6239-1	280	64	0	297	7.30	738
H6239-2	280	80	0	431	7.15	990
Quality Control	970	50.95	NR	944	6.96	NR
True Value QC	1000	50.00	NR	1000	7.00	NR
% Recovery	97.0	102	NR	94.4	99.4	NR
Relative Percent Difference	4.0	2.7	NR	5.9	0.1	5.1

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

10-26-01
Date

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(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

BILL TO

ANALYSIS REQUEST

Company Name: Kyle Operating Company

Project Manager: Donnie Anderson

Address: 122 W. Taylor

City: Abilene State: NM zip: 88240

Phone #: 393-9174 Fax #: 397-1441

Project #: EME N-4-1 Project Owner: KILE

Project Name: N-4-1 Soil Borings

Project Location: Lee County, NM

Sampler Name: D. Anderson

FOR LAB USE ONLY

P.O. #: 510 Company: KILE
 Attn: D. Anderson
 Address: same
 City: _____ State: _____ Zip: _____
 Phone #: _____ Fax #: _____

Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX						DATE	TIME	ANALYSIS REQUEST
				GROUNDWATER	WASTEWATER	SOIL	CRUDE OIL	SLUDGE	OTHER :			
<u>H0339-1</u>	<u>SB-2 > 30gal.</u>	<u>G</u>	<u>1</u>	<u>X</u>						<u>10/24/01</u>	<u>1500</u>	<u>Correlation - cations + anions</u>
	<u>- 2 Wastewater</u>	<u>G</u>	<u>1</u>	<u>X</u>						<u>10/24/01</u>	<u>0900</u>	<u>Total Dissolved Solids</u>
												<u>BTEX</u>

PLEASE NOTE: Utility and Damage. Cardinal's liability and ability to accept for any claim arising from the use of this form is limited to the amount paid by the client for the service. All claims involving those for negligence and any other claims, whatsoever shall be deemed waived unless made in writing and received by Cardinal within 90 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruption, loss of use, or loss of profits, incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of analytical services by Cardinal, regardless of whether such claim is based upon any of the above listed reasons or otherwise.

Sampler Relinquished: [Signature] Date: 10/25/01 Time: 10:20 Received By: (Lab Staff) [Signature]
 Relinquished By: [Signature] Date: 10/25/01 Time: 10:20

Delivered By: (Circle One) UPS - Bus - Other: _____
 Sample Condition: Intact Damaged
 Checked By: (Initials) [Signature]

Phone Result: Yes No Add'l Phone #: _____
 Fax Result: Yes No Add'l Fax #: _____
 REMARKS: _____

* Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476.

RICE Operating Company

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

CERTIFIED MAIL

RETURN RECEIPT NO. 7000 1530 0005 9895 4312

November 20, 2001

Mr. William C. Olson
NM Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: GROUNDWATER CONTAMINATION
ELSIE REEVES RANCH
Unit Letter N, Sec. 4, T20S, R37E
LEA COUNTY, NEW MEXICO

Mr. Olson:

Rice Operating Company (ROC) takes this opportunity to summarize the environmental investigative work completed at the Eunice Monument Eumont (EME) SWD System Jct. N-4-1.

ROC was asked by the NMOCD on November 8, 2000, to initiate a work plan for investigation of potential contamination at this site. A water sample taken from the landowner's stock water well, approximately 170' west of Jct. N-4-1, was analyzed on June 6, 2000. The results of this analysis included 877 ppm chlorides and 2342 ppm Total Dissolved Solids (TDS). The results of this sample lead the NMOCD to initiate their request to ROC. A work plan was submitted January 4, 2001 and approved October 3, 2001.

In accordance with the work plan, ROC completed 5 soil borings around Jct. N-4-1 on October 23, 2001 and collected soil and water samples from each of the borings. Ground water in this area is 31' bgs.

Soil samples were collected at 5' intervals and field-tested for chlorides from the five soil borings. The results of these field tests are listed on the following table.

SITE	Depth	5'	10'	15'	20'	25'	30'
SB-1	Cl ppm	1000	450	650	1700	1250	900
SB-1	TPH ppm	N/A	956	40	N/A	N/A	N/A
SB-2	Cl ppm	175	50	50	50	50	50
SB-3	Cl ppm	N/A	132	N/A	110	N/A	50
SB-4	Cl ppm	N/A	150	N/A	150	N/A	50
SB-5	Cl ppm	N/A	57	N/A	100	N/A	10

The field tests of the soil samples from SB-1 demonstrate shallow TPH impact and some chloride impact to the soil under the junction box. Soil samples from > 15' showed no odor, so were not tested for TPH.

The water sample results are listed on the following table.

Soil Borings	Field Test	Lab Tests		
Location	Chlorides (ppm)	Chlorides (ppm)	TDS (ppm)	BTEX (ppm)
SB 1	200	N/A	N/A	N/A
SB 2	300	300	716	<.006
SB 2	After bailing 20 gal	280	738	<.006
SB 3	250	240	606	<.006
SB 4	250	N/A	N/A	N/A
SB 5	150	N/A	N/A	N/A
Water Well	N/A	280	990	<.006

The TDS results from the livestock water well are within the WQCC limits of 1000 ppm TDS. The chlorides results from the boring water samples indicate there is some natural variation of chlorides in the groundwater.

The landowner pumps the water well once a day for 2.5 hours to maintain water in the dirt tank for his livestock. This well pumps at an estimated rate of 12-15 gallons per minute. This consistent pumping of the well has improved the water quality.

ROC proposes quarterly monitoring water quality of the livestock water well as a long-term evaluation of the groundwater quality at this site. This well is in close proximity to Jct. N-4-1 and the water withdrawal is adequate enough to cause ground water to be drawn from beneath Jct. N-4-1 toward the well. A qualified third party, Safety and Environmental Solutions, will conduct the sampling according to NMOCD guidelines. These samples will be taken to a NMOCD certified lab and analyzed for major anions and cations, Total Dissolved Solids and BTEX using EPA approved methods. A copy of the results will be sent to the landowner and to the local NMOCD office. ROC also proposes plugging the soil borings with hydrated bentonite to prevent any foreign matter from entering the ground water.

ROC has conducted NORM screening at Jct. N-4-1 and found the NORM level to be greater than 50 μ R/hr. This result determines that the site must be first handled as a NORM impacted area with subsequent site characterization conducted in accordance with the NMOCD approved Remediation Plan for Below Grade junction boxes. (The NORM concentration is not of a level that prioritized this site to be included in the first year's list of junction box work.)

The junction box area will be excavated to a level of constituents that will not adversely impact the ground water and a compacted clay liner will be installed to contain/isolate impact and prevent downward percolation or migration of the constituents to groundwater. Highly impacted soil will be hauled to a permitted facility. ROC is scheduled to initiate the junction box work plan at Jct. N-4-1 in early 2002.

ROC is the service provider (operator) for the EME Salt Water Disposal System and has no ownership of any portion of the pipeline, well or facility. The EME System is owned by a consortium of oil producers, System Partners, who provide all operating capital on a percentage ownership/usage basis.

Thank you for your consideration of this proposal. Please call if you have any questions.

RICE OPERATING COMPANY



Donnie Anderson
Project Leader-Environmental

Enclosures

Jct. N-4-1 Maps
Lab Results
Boring Logs

Cc: CDH, file,

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

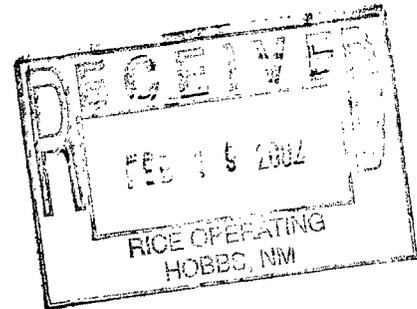
GARY E. JOHNSON
Governor
Betty Rivera
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

February 14, 2002

CERTIFIED MAIL
RETURN RECEIPT NO: 7001-1940-0004-3929-7150

Mr. Donnie Anderson
Rice Operating Company
122 West Taylor
Hobbs, New Mexico 88240



RE: CASE #1R224
JUNCTION BOX N-4-1/ELSIE REEVES RANCH
MONUMENT, NEW MEXICO

Dear Mr. Anderson:

The New Mexico Oil Conservation Division (OCD) has reviewed Rice Operating Company's (Rice) November 20, 2001 "GROUND WATER CONTAMINATION, ELSIE REEVES RANCH, UNIT LETTER N, SEC 4, T20S, R37E, LEA COUNTY, NEW MEXICO". This document contains the results of Rice's investigation of the extent of contamination related to Junction Box N-4-1 located in Unit N, Section 4, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. The document also contain a plan to remediate contaminated soils pursuant to Rice's previously approved remediation plan for below grade junction boxes and monitor ground water quality at the adjacent stock well on a quarterly basis.

The above referenced remediation and monitoring plans are approved with the following conditions:

1. All wastes generated during the investigation shall be disposed of at an OCD approved facility.
2. Rice shall submit a report containing the results of the soil remediation activities to the OCD by April 15, 2002 with a copy provided to the OCD Hobbs District Office.
 - a. A description of the remediation activities which occurred including conclusions and recommendations.
 - b. A site map showing the location of the junction box, pipelines, excavated areas, samples, borings, monitor wells, and any other pertinent site features.

- c. A cross-sectional diagram of the excavation showing the area excavated and the liner system.
 - d. The disposition of all wastes generated.
3. Rice shall submit the results of the quarterly ground water monitoring to the OCD in an annual report. The report shall be submitted to the OCD Santa Fe Office by February 2, 2003 with a copy provided to the OCD Hobbs District Office and shall include:
- a. A description of the monitoring activities which occurred including conclusions and recommendations.
 - b. A site map showing the location of the junction box, pipelines, borings, monitor wells, and any other pertinent site features.
 - c. Summary tables of all soil and ground water quality sampling results and copies of all laboratory analytical data sheets and associated quality assurance/quality control (QA/QC) data.
 - d. The disposition of all wastes generated.

Please be advised that OCD approval does not relieve Rice of responsibility should the work plan fail to adequately define the extent of contamination related to Rice's operations, or if contamination exists which is outside the scope of the work plan. In addition, OCD approval does not relieve Rice of responsibility for compliance with any other federal, state or local laws and regulations.

If you have any questions, please contact me at (505) 476-3491.

Sincerely,



William C. Olson
Hydrologist
Environmental Bureau

xc: Chris Williams, OCD Hobbs District Office
Elsie Reeves

RICE Operating Company

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

CERTIFIED MAIL

RETURN RECEIPT NO. 7000 2510 0007 2763 5169

April 26, 2002

Mr. William C. Olson
NM Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: CASE #1R224
JCT. N-4-1/ELSIE REEVES RANCH
Unit Letter N, Sec. 4, T20S, R37E
LEA COUNTY, NEW MEXICO

Mr. Olson:

Rice Operating Company (ROC) takes this opportunity to respond to your condition of approval for the above referenced remediation and monitoring plan. Thank you for your conditional approval of the remediation and monitoring plan. You requested a report on the results of the soil remediation activities by April 15, 2002.

I apologize for this late response to your request. This junction box is part of the Generic Junction Box Upgrade Plan for the Eunice Monument Eumont (EME) SWD System. While implementing the upgrade plan in the EME, we have encountered some sites that have unexpectedly required extensive work which has put us behind our anticipated schedule. The upgrade of Jct. N-4-1 is now scheduled for May 6, 2002. At the completion of this process, ROC will submit a report to the NMOCD complying with your request.

Thank you for your consideration of this response. Please call if you have any questions.

RICE OPERATING COMPANY



Donnie Anderson
Project Leader-Environmental

Cc: CDH, file,

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