

1R - 426-37

**GENERAL
CORRESPONDENCE**

**YEAR(S):
2005-2002**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 05, 2005

Joanna Prukop
Cabinet Secretary
Mark Fesmire
Director
Oil Conservation Division

Carolyn Doran Haynes
Rice Operating Company
122 West Taylor
Hobbs, New Mexico 88240

Re: Sites with confirmed Groundwater Contamination

Dear Ms. Haynes:

Pursuant to the New Mexico Oil Conservation Division rule 19.15.1.19 (Rule 19) Prevention and Abatement of Water Pollution requires all responsible persons who are abating water pollution in excess of the standards shall do so pursuant to an abatement plan approved by the director.

Therefore, Rice Operating Company is hereby required to submit individual abatement plans for OCD approval by July 15, 2005 for each of the following sites:

EME Sites:

H-13	UL	H	Sec 13, T20s, R36E	1R0429
M-9	UL	M	Sec 9, T20s, R37E	1R0331
P-6	UL	P	Sec 6, T20s, R37E	1R0422
Jct. N-5	UL	N	Sec 5, T20S, R37E	1R0427-90
Jct. M-16-1	UL	M	Sec 16, T20S, R37E	1R0427-93
Jct. K-33-1	UL	K	Sec 33, T19S, R37E	1R0427-92
Jct. A-20	UL	A	Sec 20, T20S, R37E	1R0427-89
Jct. K-6	UL	K	Sec 6, T20S, R37E	1R0427-88
Marathon Barber EOL	UL	E	Sec 5, T20S, R37E	1R0427-91
jct. D-1 leak	UL	D	Sec. 1, T20S, R36E	not assigned

BD Sites:

Zachary Hinton EOL	UL	O	Sec 12, T22S, R37E	1R0426-36
Jct. J-26	UL	J	Sec 26, T21S, R37E	1R0426-40
Jct. F-17	UL	F	Sec 17, T21S, R37E	1R0426-33
Jct. I-27	UL	I	Sec 27, T21S, R37E	1R0426-35
Jct. N-29	UL	N	Sec 29, T21S, R37E	1R0426-37
jct. E-3	UL	E	Sec 3, T22S, R37E	1R0426-53

Justis Sites:

jct. L-1	UL	L	Sec 1, T25S, R37E	1R0423-0
SWD H-2	UL	H	Sec 2, T26s, R37E	1R0423-01

Hobbs Sites:

Jct. F-29-1A	UL	F	Sec 29, T18S, R38E	not assigned
I-29 Vent	UL	I	Sec 29, T18S, R38E	not assigned

After OCD receives the plans each site will be assigned a new Abatement Plan number (AP#) for tracking purposes. If you have any questions please do not hesitate to contact me at 505-476-3493 or E-mail DJSanchez@state.nm.us; or contact Wayne Price of my staff at 505-476-3487 or e-mail WPRICE@state.nm.us.

Sincerely;



Daniel Sanchez
Enforcement and Compliance Manager
DS/wp

Cc: OCD Hobbs office

Price, Wayne

From: Kristin Farris [enviro@leaco.net]
Sent: Wednesday, December 08, 2004 1:37 PM
To: Wayne Price
Subject: Fw: N-29 Workplan

----- Original Message -----

From: Randall Hicks
To: Kristin Farris
Sent: Tuesday, April 27, 2004 4:41 AM
Subject: FW: N-29 Workplan

Here is the approval

-----Original Message-----

From: Price, Wayne [mailto:WPrice@state.nm.us]
Sent: Thursday, August 21, 2003 3:33 PM
To: 'Randall Hicks'; Price, Wayne
Cc: 'riceswd'
Subject: RE: N-29 Workplan

Approved!

Please be advised that NMOCD approval of this plan does not relieve Rice Operating Company of liability should their operations fail to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD approval does not relieve Rice Operating Company of responsibility for compliance with any OCD, federal, state, or local laws and/or regulations.

-----Original Message-----

From: Randall Hicks [mailto:R@rthicksconsult.com]
Sent: Tuesday, August 19, 2003 2:39 PM
To: 'Price, Wayne'
Cc: 'riceswd'
Subject: N-29 Workplan

Wayne

This plan should have been delivered to you about two weeks ago with the B-29 Plan.

We would like to get going on this work, your comments/approval is greatly appreciated.

Randy

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

Price, Wayne

From: Price, Wayne
Sent: Wednesday, December 08, 2004 1:22 PM
To: 'Kristin Farris'; Price, Wayne
Cc: Carolyn Haynes
Subject: RE: BD N-29 N-29-T21s-R37e

Thanks for the information. OCD's records do not include the approval. Would you please forward me a copy.

-----Original Message-----

From: Kristin Farris [mailto:enviro@leaco.net]
Sent: Wednesday, December 08, 2004 12:15 PM
To: Price, Wayne
Cc: Carolyn Haynes
Subject: Re: BD N-29 N-29-T21s-R37e

Wayne:

Attached is the N-29 workplan. Approval was received 8/21/03. As Carolyn stated, we are very near a settlement with the landowner.

Kristin

----- Original Message -----

From: "Price, Wayne" <WPrice@state.nm.us>
To: "'Carolyn Doran Haynes'" <cdhriceswd@leaco.net>; "Price, Wayne" <WPrice@state.nm.us>
Cc: "'Kristin Farris'" <enviro@leaco.net>
Sent: Tuesday, December 07, 2004 9:49 AM
Subject: RE: BD N-29 N-29-T21s-R37e

> Carolyn: You indicated RT Hicks will implement the work plan that was
> approved. Which plan are you talking about?

>
> -----Original Message-----

> **From:** Carolyn Doran Haynes [mailto:cdhriceswd@leaco.net]
> **Sent:** Thursday, December 02, 2004 2:28 PM
> **To:** 'Price, Wayne'
> **Cc:** 'Kristin Farris'
> **Subject:** FW: BD N-29 N-29-T21s-R37e

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> Kennanns will agree to the monitor well agreement then.

>
> Carolyn

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> -----Original Message-----

> **From:** Rice Operating [mailto:riceswd@leaco.net]
> **Sent:** Thursday, December 02, 2004 1:43 PM

> To: Haynes, Carolyn Doran
> Subject: Fw: BD N-29 N-29-T21s-R37e

> ----- Original Message -----

> From: "Price, Wayne" <WPrice@state.nm.us>
> To: "Carolyn Doran Haynes (E-mail)" <riceswd@leaco.net>; "Kristin Farris
> Pope (E-mail)" <enviro@leaco.net>
> Sent: Thursday, December 02, 2004 11:29 AM
> Subject: BD N-29 N-29-T21s-R37e

>> Please provide an up-date on this site. OCD does not have a record
>> showing
>> the Monitor well results. Please provide within 10 days.

>> Sincerely:

>> Wayne Price
>> New Mexico Oil Conservation Division
>> 1220 S. Saint Francis Drive
>> Santa Fe, NM 87505
>> 505-476-3487
>> fax: 505-476-3462
>> E-mail: WPRICE@state.nm.us

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N-29 work plan.pdf

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R. T. HICKS CONSULTANTS, LTD.

219 Central Avenue NW Suite 266 Albuquerque, NM 87102 505.266.5004 Fax: 505.246.1818

July 29, 2003

Mr. Wayne Price
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: N-29 Junction Box, Section 29, 21S, 37E Unit N

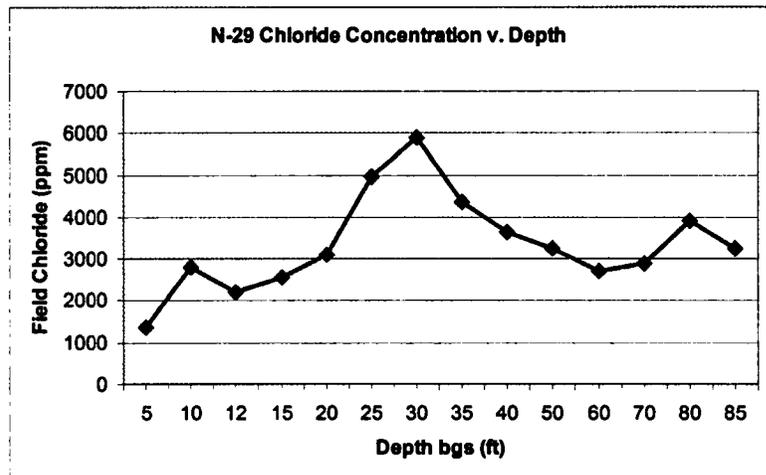
Dear Mr. Price

Rice Operating Company retained Hicks Consultants to address potential environmental concerns at the above referenced site. This submission proposes a scope of work that we believe will best mitigate any threat to human health and the environment and lead to closure of the regulatory file for this site.

Background

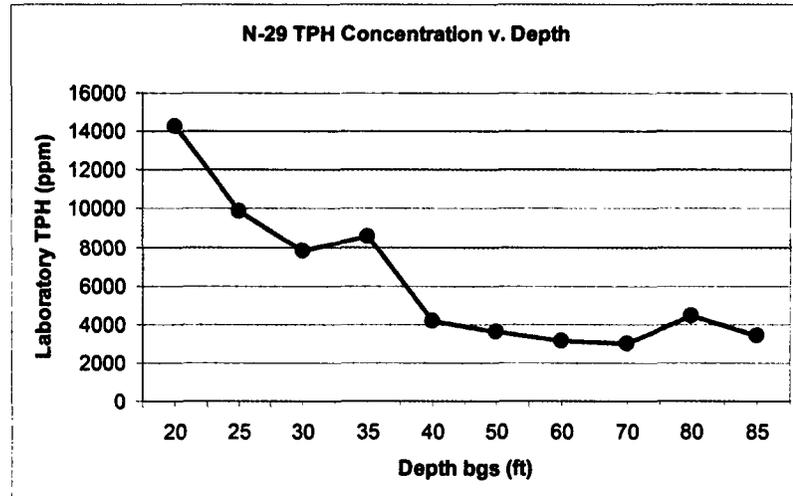
The N-29 Junction Box Site is located about 2 miles northwest of the intersection of State Routes 8/176 and Loop 18, near Eunice, New Mexico. Plate 1 shows the location of the site.

Rice Operating Company (ROC) prepared a Release Notification report and a Disclosure Report that summarizes activities to date. The Disclosure Report, which is part of the 2002 submission to NMOCD, is dated January 2, 2003. The soil borings show relatively constant chloride and TPH concentrations from near surface to a depth of 85 feet (ground water). As Figure 1 shows, consistent chloride concentrations suggest that the release created saturated conditions in the vadose zone. Saturated conditions distribute chloride relatively evenly throughout the vadose zone. Unsaturated flow conditions create different chloride distributions in the vadose zone.



TPH decreases from 14,000 ppm at 20 feet below grade to about 4000 ppm at 40 feet (Figure 2), a 75% decrease. Because the release consisted of produced water from oil wells, laboratory analysis of soil samples detected volatile hydrocarbons in only one sample (less than 0.1 ppm of toluene and xylene).

Volatile hydrocarbons are not commonly associated with crude oil as they are with refined products or water produced from natural gas wells. Regulated hydrocarbon constituents may not be present in ground water.



The soil boring data suggests potential ground water impairment by chloride. We propose installation of a ground water monitoring well, reclamation of the surface to its original productive capacity, and evaluation of the threat to ground water quality posed by the residual chloride and any hydrocarbon mass in the vadose zone.

1. Evaluate Chloride and BTEX Flux from the Vadose Zone to Ground Water

We propose to employ HYDRUS1D and a simple ground water mixing model to evaluate the potential of residual chloride and hydrocarbon mass in the vadose zone to materially impair ground water quality at the site. We will employ predictions of the migration of chloride ion and the detected regulated hydrocarbons from the vadose zone to ground water in our selection of an appropriate remedy for the land surface and underlying vadose zone. This simulation is the "no action" alternative, which predicts chloride and hydrocarbon flux to ground water in the absence of any engineered remedy by ROC.

For the no action scenario, we will employ the input parameters to HYDRUS and the mixing model outlined in Table 1. We will assume that vegetation is not present over the release site (no evapotranspiration) and an aquifer thickness of 10 feet. If this simulation does not return results that are consistent with the ground water data from the proposed monitoring well (see below), we will increase the aquifer thickness in the mixing model to the total thickness measured in the proposed monitoring well. At other sites, we have found that chloride is distributed throughout the thickness of the aquifer and using the entire aquifer thickness returns HYDRUS predictions that fit the field data. Employing the entire thickness of the aquifer in the mixing model calculations may be required for the N-29 site.

Table 1: Input Parameters for Simulation Modeling

Input Parameter	Source
Vadose Zone Thickness	Proposed monitoring well (See also attached boring log)
Vadose Zone Texture	Proposed monitoring well
Dispersion Length	Professional judgment
Soil Moisture	Field Measurements from monitoring well boring and simulations with HYDRUS 1D
Vadose Zone Chloride Load	ROC Data from Disclosure Report
Length of release perpendicular to ground	Field Measurements
Climate	Pearl, NM station (Hobbs)
Background Chloride in Ground Water	Samples from nearby water supply wells
Ground Water Flux	Calculated from regional hydraulic data and data from nearby wells
Aquifer Thickness	Nicholson and Clebsch (1960), SEO data, measurements from proposed monitoring well, and an arbitrary value of 10 feet.

2. Collection and Evaluation of Data for Simulation Modeling

The HYDRUS1D and mixing model simulation requires input of 10 parameters. As Table 1 shows, we must collect site specific data for several of these parameters, some data are available from previous ROC work at the site, and other data are available from public sources. Although our previous work with the American Petroleum Institute showed that soil moisture values did not strongly influence the ability of the model to predict chloride migration from the vadose zone to ground water, we plan collect soil moisture data from this site for model input.

We propose a field program to collect other important site-specific data for model input. First we will measure the depth to ground water at nearby windmills and supply wells to determine the hydraulic gradient (Plate 1). To establish background chloride concentrations in ground water, we propose to sample one of the active supply well located in Sections 29 and 30 (Plate 1) and any background monitoring well that exists at the nearby Chevron Tank Battery site (See Plate 1).

We will drill a monitoring well about 100 feet down gradient from the former junction box, at the edge of the existing pad. We will drill this well to the top of the red bed (bottom of the Ogallala). We will place one 5-foot screen at the base of the Ogallala. In this same borehole, we will install a second 2-inch casing with 15 feet of screen at the top of the water table. We will drill, complete, develop and sample these wells in a manner that is consistent with the industry standards (e.g. ASTM, EPA). If possible, we will install

bentonite pellets to isolate the two screened intervals. To assure that the well boring does not create any communication between the two sampling screens, we will employ low-flow pump and micro-purge techniques for sampling. This project-proven sampling strategy also reduces the volume of "purge water".

3. Design Remedy and Submit Report

ROC has completed the repair of the pipeline junction at the site. We do not anticipate additional releases of produced water. Our modeling of the "no action alternative" (Task 1) may show that the residual chloride mass in the vadose zone poses a threat to ground water quality. If such a threat does exist, we will use the HYDRUS-1D model predictions to develop a remedy for the vadose zone. If necessary, we will simulate:

1. excavation, disposal and replacement of clean soil to remove the chloride mass,
2. installation of a low permeability barrier to minimize natural infiltration,
3. surface grading and seeding to eliminate any ponding of precipitation and promote evapotranspiration, thereby minimizing natural infiltration, and
4. a combination of the above potential remedies.

We will select the vadose zone remedy that offers the greatest environmental benefit while causing the least environmental damage.

If the monitoring data demonstrate that a site release caused impairment of water quality, we will use the ground water mixing model or a suitable alternative to assist in the design of a ground water remedy. It is possible, that the background chloride concentrations in ground water measured in the nearby wells is equal to or higher than the chloride concentration in the proposed down gradient monitoring well. Such data would strongly suggest that the N-29 site has not caused any material impairment of ground water quality. If we find no evidence of impairment of water quality due to past activities, we will not prepare a ground water remedy. If data suggest that the N-29 site has contributed chloride to ground water and caused ground water impairment, we will examine the following alternatives:

1. Natural restoration due to dilution and dispersion,
2. Pump and dispose to restore the saturated zone,
3. Pump and treat to restore the saturated zone,
4. Because of the location of the site, institutional controls negotiated with the landowner may provide an effective remedy. Such controls may be restriction of water use to livestock until natural restoration returns the water quality to state

standards, a provision for alternative supply well design, or a provision for well head treatment to mitigate any damage to the water resource.

We plan to commence data collection for the HYDRUS1D simulations described above in August. Your approval to move forward with this work plan will facilitate our access to nearby windmills and speed the implementation of a surface remedy.

Sincerely,
R.T. Hicks Consultants, Ltd.



Randall T.
Hicks

Digitally signed
by Randall T.
Hicks
DN: cn=Randall
T. Hicks, c=US
Date: 2003.08.19
13:34:51 -0700

Randall T. Hicks
Principal

Copy:
Rice Operating Company

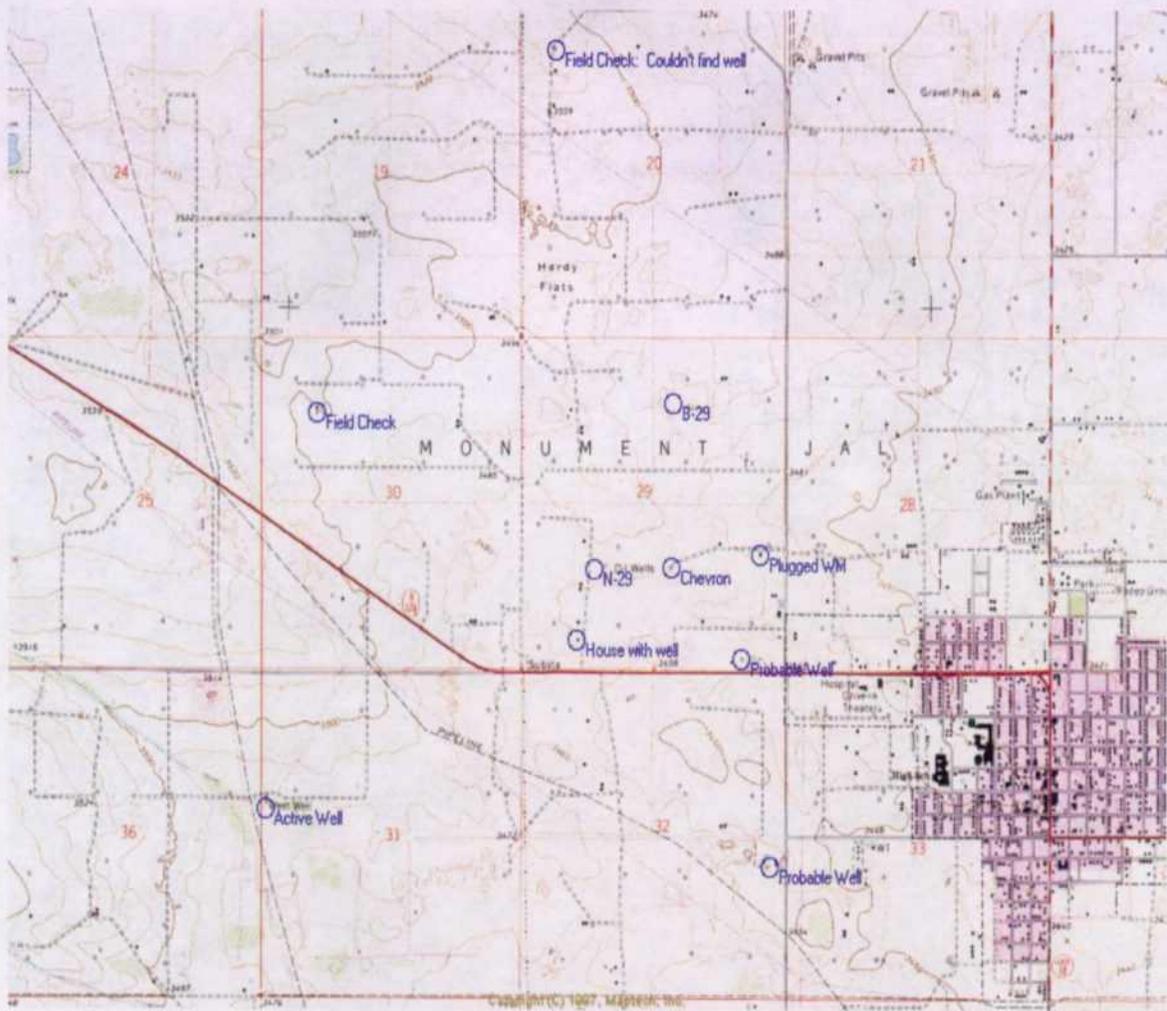


Plate 1: Location Map Showing Nearby Water Wells

DRILLING LOG		Site Name/Location			Logged by: A.Eades	
RICE Operating Company 122 West Taylor Hobbs, New Mexico 88240 Phone: (505) 393-9174 Fax: (505) 397-1471		Jct N-29 29-T21S-R37E BD SWD System Lea County, NM		Well No: MW1	Date Drilled: 11/22/02	Driller: Eades
		Well Depth: 90'	Boring Depth: 53'	Well Material:		Construction:
		Casing Length:	Boring Diameter: 4.75"	Casing Size:		Backfill with bentonite and cuttings.
		Screen Length:	Drilling Method: Air Rotary	Slot Size: N/A		

TEST							
DEPTH	SUBSURFACE LITHOLOGY	SAMPLE TYPE	Chlorides (ppm)	mg/kg	Boring		
			Field	Lab	TPH		
0	Ground surface						
	Topsoil						
	Caliche						
10						excavation	
20	<u>BORING RIG PLACEMENT</u>						Boring Start
						Soil Boring PID	Clean Backfill
					<u>Lab</u>		
30	tan sand w/caliche	Grab		142	<10	361	
		Grab		5000	<10	366	
40	moist	Grab	3626	4160	<10	245	Cuttings
	brown sand	Grab			<10	148	
50		Grab	3245	3630	<10	139	
	sand w/caliche rocks	Grab				47	320
60		Grab	2696	3190	12	223	
	brown sand	Grab			<10	137	
70		Grab	2899	3010	12	61	
		Grab				19	181
80		Grab	3899	4430	21	92	Bentonite
	sandstone	Grab	3234	3460	<10	127	
	sand & sandstone						
90	sand - wet	Grab	570	576	<10	2	

Price, Wayne

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To: Carolyn Doran Haynes (E-mail); Kristin Farris Pope (E-mail)
Subject: BD N-29 N-29-T21s-R37e

Please provide an up-date on this site. OCD does not have a record showing the Monitor well results. Please provide within 10 days.

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

January 24, 2002 ³

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 3929 9741

Carolyn Doran Haynes
Operations Engineer
Rice Operating Company
122 West Taylor
Hobbs, New Mexico 88240

RE: Summary of Technical Meeting held on January 23, 2003
ROC Voluntary Junction Box Upgrade Project OCD 1R0214
Hobbs Salt Water Disposal System
Lea County, New Mexico

Dear Ms. Haynes:

The New Mexico Oil Conservation Division (OCD) recently received a complaint from Mr. Leo Sims, a local landowner representative, concerning Rice Operating Company's (ROC) procedure for groundwater impact notification, remediation and sampling techniques at the ROC N-29 site. As a result of this complaint, OCD conducted a technical meeting with ROC on January 23, 2003 in OCD's Santa Fe office. ROC's original generic plan for the Junction Box Upgrade Project (OCD case #1R0214) was reviewed by OCD to determine if there were any significant deficiencies in the original plan.

The two main topics of concern were; (1) notification of groundwater impact procedure used by ROC; (2) and the issue of proper barrier design for the protection of groundwater. ROC has been providing the OCD with disclosure reports indicating possible groundwater contamination with commitments to investigate and remediate if necessary. Due to the size and nature of this project this procedure has been accepted by OCD in the past. As of to date, ROC pointed out they have never failed to respond to any groundwater impact issue that was deemed a significant threat to public health. As discussed during the meeting this method allowed ROC to schedule and budget these projects.

The other topic was contaminants left in place that may be laterally outside of a protective barrier. The original plan was approved on OCD's assumption that any contaminants left in place would have some sort of barrier to prevent leachate from migrating and impacting groundwater. ROC noted that the original

work plan proposed a barrier under the junction box for secondary containment. ROC also pointed out due to cost benefit analysis and newer technical methods acquired during this project caused their thinking and procedure to deviate from the original plan in some instances. However, they informed OCD that ROC could demonstrate that any remaining contaminants will not impact groundwater in the foreseeable future. They also noted they have submitted closure reports for some of the sites and did not receive any feedback from the agency. ROC indicated they took some latitude and proceeded with these projects knowing they could and will demonstrate these closure methods will not cause harm to the environment.

Sampling procedures and QA/QC protocol issues were also discussed during the meeting. OCD did not have an issue with ROC's methods as long as third party confirmations are used.

OCD pointed out that Rule 116C requires immediate notification to the Environmental Bureau Chief if there is a reasonable probability that groundwater may have been contaminated. ROC indicated they notified the local OCD environmental representative, and had not notified the OCD Environmental Bureau because they felt this was a gray area since in most cases they only suspected there may be groundwater contamination and the fact that only a properly installed monitor well completed and sampled would be the only true way to tell. However, ROC agreed to immediately start notifying the OCD pursuant to Rule 116C upon reasonable probability.

OCD concluded that any work already completed, which did not conform to the original work plan, shall be addressed. ROC agreed to modify the original work plan, closure reports and rank all sites for protection of public health **for OCD approval by April 1, 2003.**

If you have any questions please do not hesitate to contact me at 505-476-3487 or E-mail WPRICE@state.nm.us.

Sincerely,



Wayne Price- Engineer

cc: OCD Hobbs Office,
RC Anderson- Environmental Bureau Chief
Mr. Leo Sims

Price, Wayne

From: Johnson, Larry
Sent: Monday, January 13, 2003 10:52 AM
To: Price, Wayne
Subject: Rice I-29 (N 29 21S 37E)

Wayne,

Donnie Anderson w/Rice Engineering submitted an e-mail to me Friday 11/14/02 confirming that a soil boring rig was scheduled to start work Monday 11/18/02 @ 8 AM. Anderson called Monday 11/18/02 postponing operations due to rain. When operations were resumed, Anderson notified me verbally that he suspected there was possible groundwater contamination. He stated that he would follow Rice's SOP by drilling a monitor well to establish groundwater quality. To date, I have not received notification of any scheduled time of this drilling event.

Larry



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

Memorandum of Meeting or Conversation

Telephone _____
Personal X
E-Mail _____

Time: 1pm-3pm

Date: January 08, 2003

Originating Party: Leo (Flap) Simms

Other Parties: R Wrotenbery, RC Anderson, W Price, B Olson- OCD

Subject: Rice Operating Co. N-29 (Jet Box Project) and Conoco Lockhart A-27

Discussion: Mr. Simms indicated he was concerned that Rice Operating Company was not reporting groundwater contamination in a timely fashion and did not agree with the way Rice was performing clean-up's on these sites, particularly N-29. He provided three photos of this site. He indicated that the bottom barrier was not large enough and contaminated soils were being placed outside of the barrier system. His concern was that infiltration would cause groundwater contamination. He also expressed his concern about sampling methods these companies were using.

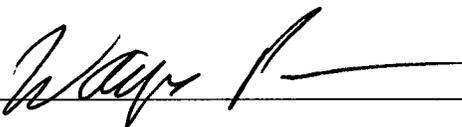
His concern for the Lockhart A-27 was that Conoco had proposed to leave contaminants behind that would in his opinion contaminate groundwater and that his sampling results did not agree with Conoco's. He was upset that OCD did not rescind Conoco's approved plan after notifying the OCD of the sampling discrepancies. OCD pointed out that the plan had been rescinded and showed him an OCD letter confirming this fact. Mr. Simms did not agree with the language in OCD letter. Mr. Simms also complained about how Conoco had collected samples and felt they were not taken properly. He indicated he had installed a monitor well and collected groundwater samples showing the groundwater has been contaminated.

Mr. Simms also indicated he felt that OCD was not spending enough time at these sites and he was concerned that OCD blindly accepts their data. OCD pointed out that we do have the resources to go to all of the sites and collect confirmation samples.

NOT UP

Conclusions or Agreements:

OCD agreed to check into the N-29 Rice site to determine if any violations have been committed and will continue to work with both Conoco and Mr. Simms on the Lockhart A-27 issue.

Signed:  _____

CC: file



Leo Simis

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Environmental Bureau
Conservation Division

N 29 Rice

Price, Wayne

From: Donnie Anderson [dea_riceswd@leaco.net]
Sent: Thursday, November 14, 2002 2:26 PM
To: larry W Johnson
Cc: Wayne Price
Subject: BD Jct N-29 Soil Boring

Larry,

ROC has scheduled a soil boring on BD SWD System Jct N-29 located one mile west of Eunice. The boring will take place Monday, November 18, 2002 at 8:00 am.

The legal description is:

Unit Letter N-Section 29-T-21S-R-37E

We offer you the opportunity to be present and to split samples, if you desire.

If you have any questions, please call.

I look forward to seeing you there.

Thanks,

Donnie Anderson
Project Leader-Environmental
Rice Operating Company
505-393-9174