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**GENERAL
CORRESPONDENCE**

YEAR(S):

2006



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

**CERTIFIED MAIL
RETURN RECEIPT NO: 3929 4418**

December 8, 2006

Kristen Farris Pope
Rice Operating Company
122 West Taylor
Hobbs, New Mexico 88240

RE: REQUIREMENT TO SUBMIT ABATEMENT PLAN

Dear Ms. Pope:

The New Mexico Oil Conservation Division (OCD) has determined after reviewing your Notification of Groundwater Impact for each of the following five sites:

- 1) Rice Hobbs SWD Jct E-32-1
Unit E, Section 32, T18S, R38E
Lea County, New Mexico
OCD Case #1R0428-65
- 2) Rice Vacuum Jct E-2
Unit E, Section 2, T18S, R35E
Lea County, New Mexico
OCD Case #1R0425-01
- 3) Rice Vacuum K-35-1 Boot
Unit K, Section 35, T17S, R35E
Lea County, New Mexico
OCD Case #1R0425-03
- 4) Rice N-6-1 Junction Box
Unit N, Section 6, T18S, R35E
Lea County, New Mexico
OCD Case #1R0479

Kristen Farris Pope
December 8, 2006
Page 2

- 5) Rice BD H-35 Emergency Overflow Pit
Unit H, Section 35, T22S, R37E
Lea County, New Mexico
OCD Case #1R0216

that the Rice Operating Company (ROC) must submit for each of the five sites a separate Stage 1 Abatement Plan in accordance with OCD Rule 19 (19.15.1.19 NMAC) to investigate the ground water contamination at each of these sites. The Stage 1 Abatement Plans must be submitted to the OCD Santa Fe Office with a copy provided to the OCD Hobbs District Office and must meet of all the requirements specified in OCD Rule 19 (19.15.1.19 NMAC), including, but not limited to, the public notice and participation requirements specified in Rule 19G. The Stage 1 Abatement Plan is due sixty (60) days from the receipt by ROC of this written notice.

ROC's Stage 1 Abatement Plans must specifically meet all of the requirements specified in OCD Rule 19E.3, including, but not limited to, a site investigation work plan and monitoring program that will enable it to characterize the release using an appropriate number of isoconcentration maps and cross sections that depict the contamination that has been released from the sites and to provide the data necessary to select and design an effective abatement option. ROC may, if it chooses, concurrently submit a Stage 2 Abatement Plan that addresses appropriate proactive abatement options.

ROC should submit one paper copy and an electronic copy on CD for each of the Plans and for all future workplans and/or reports for each of the Plans. Please be sure to include the current corresponding OCD Case # on each of the respective Abatement Plans. An Abatement Plan # will be assigned as each of the Plans are submitted to the OCD. If you have any questions, please contact Edward J. Hansen of my staff at (505) 476-3489 or <mailto:edwardj.hansen@state.nm.us>.

Sincerely,



Wayne Price
Environmental Bureau Chief

WP:EJH:ejh

cc: Chris Williams, OCD Hobbs District Supervisor
Larry Johnson, OCD Hobbs

RICE Operating Company

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

2006 SEP 11 PM 12 08

CERTIFIED MAIL
RETURN RECEIPT NO. 7005 1820 0001 6802 2453

September 6, 2006

Mr. Wayne Price
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

RE: NOTIFICATION OF GROUNDWATER IMPACT
VACUUM SWD SYSTEM, N-6-1 Leak Site
UNIT 'N', SEC. 6, T18S, R35E

No AP

Mr. Price:

Rice Operating Company (ROC) takes this opportunity to notify the New Mexico Oil Conservation Division (OCD) Environmental Bureau Chief of groundwater impact in accordance with NM Rule 116. The remediation of this site may fall under NM Rule 19 procedures. Survey delays and laboratory concerns have resulted in the delay of this submission.

The following work was performed in accordance with the OCD-approved Investigation and Characterization Plan (ICP) submitted by the consultant, L. Peter Galusky, Jr., P.E., to investigate potential groundwater impact at this accidental release site in the abandoned Vacuum SWD System near Buckeye. Three delineation soil bores and four 2-inch monitoring well installations were conducted June 19, 20, 22, 2006 under the supervision of Galusky. Groundwater was encountered at approximately 114 feet. These wells were developed and sampled pursuant to OCD guidelines by Arc Environmental (Arc) of Lovington. Laboratory analysis of the groundwater samples confirmed the Water Quality Control Commission (WQCC) standards for chloride and Total Dissolved Solids are exceeded at MW-1. Arc will continue to sample the wells on a quarterly basis. Following evaluation of this data, OCD may expect a Corrective Action Plan submitted by Galusky by September 30, 2006.

Please accept this notification for the referenced site. Should you have any questions or concerns regarding this site or submission, please do not hesitate to contact me at the number listed above or Galusky at 877-534-9001.

ROC is the service provider (agent) for the Vacuum Salt Water Disposal System and has no ownership of any portion of pipeline, well, or facility. The Vacuum SWD System is owned by a consortium of oil producers, System Partners, who provide all operating capital on a percentage ownership/usage basis. In 2004, the Vacuum System Partners approved the discontinuance of the SWD System. Efforts are moving toward abandonment.

RICE OPERATING COMPANY



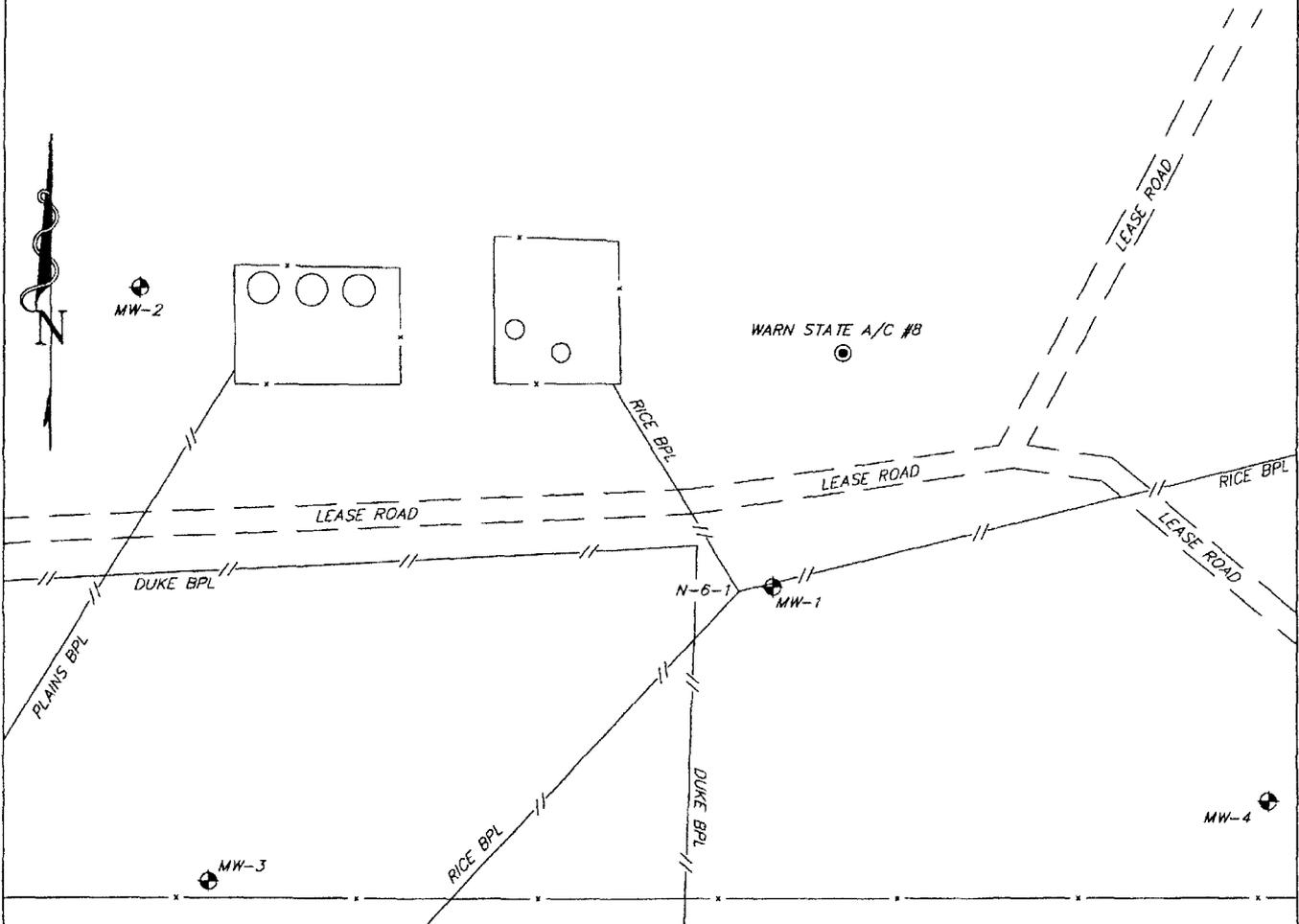
Kristin Farris Pope
Project Scientist

cc: LBG, CDH, Galusky, Marathon Oil, file,

Mr. Daniel Sanchez
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

enclosures: water analyses, well logs, survey maps

SECTION 6, TOWNSHIP 18 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

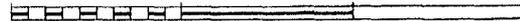


NOTE:
ELEVATIONS ARE ON BLACK MARK
ON NORTH SIDE OF PVC CASING.

NEW MEXICO STATE PLANE COORDINATES (NAD83)

WELL	NORTHING	EASTING	LATITUDE	LONGITUDE	ELEV. PVC	ELEV. GRND
MW-1	644946.884	798034.529	N 32°46'12.8"	W 103°29'53.5"	3979.80'	3977.14'
MW-2	645128.132	797648.573	N 32°46'14.6"	W 103°28'58.0"	3981.19'	3978.83'
MW-3	644767.403	797690.579	N 32°46'11.0"	W 103°29'57.6"	3980.78'	3977.92'
MW-4	644815.306	798337.154	N 32°46'11.4"	W 103°29'50.0"	3978.78'	3975.88'

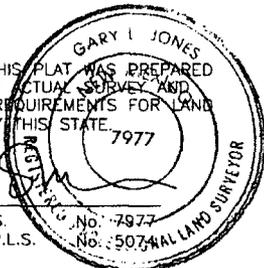
100 0 100 200 FEET



SCALE: 1" = 100'

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

[Signature]
GARY L. JONES N.M. P.S.
TEXAS P.L.S.



RICE OPERATING COMPANY

REF: VAC. VENT N-6-1

MONITOR WELLS LOCATED IN
SECTION 6, TOWNSHIP 18 SOUTH, RANGE 35 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 6906 Drawn By: J. M. SMALL

Date: 08-03-2006 Disk: JMS 6906MW

Survey Date: 08-01-2006

Sheet 1 of 1 Sheets

L. Peter Galusky, Jr. Ph.D., P.G.

Texerra

March 2nd, 2007

2007 MAR 8 AM 11 36

Mr. Edward Hansen
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504

RE: Rice Operating Company
Vacuum N-6-1 Junction Box and Release
Unit N, Sec 6, T18S, R35E
OCD Case Number 1R0479
Corrective Action Plan

CERTIFIED MAIL/RETURN RECEIPT No. 7005 0390 0002 9898 2662

Dear Edward,

In follow-up to our meeting of last week please find enclosed a Corrective Action Plan for the above-referenced project. As we discussed, we are most anxious to proceed with the corrective action measures that we propose, and would therefore greatly appreciate your timely consideration.

Please contact Kristin Pope at Rice if you have any questions or need additional information regarding this submittal. Please note, also, that I will put a hard-copy of this submittal in tomorrow's mail.

Thank you.

Sincerely,



L. Peter Galusky, Jr. Ph.D.
Principal

Cc: Kristin Pope, Rice Operating Company

Enclosures: CAP report

Corrective Action Plan

Vacuum N-6-1 Junction Box and Release¹

Unit N, Sec 6, T18S, R35E

OCD Case Number 1R0479



February 28th, 2007

Prepared by:

L. Peter Galusky, Jr. Ph.D.
Texerra
505 N. Big Spring, Suite 404
Midland, Texas 79701
Web: www.texerra.com
E-mail: lpg@texerra.com

¹ View looking southwest from lease road across former junction box location.

Corrective Action Plan

Vacuum N-6-1 Junction Box and Release
Unit N, Sec 6, T18S, R35E
OCD Case Number 1R0479

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Corrective Action Plan

Vacuum N-6-1 Junction Box and Release
Unit N, Sec 6, T18S, R35E
OCD Case Number 1R0479

Executive Summary

Field investigation of soils and groundwater during June of 2006 found that the impact of a release at N-6-1 has been on soils, surface vegetation and groundwater at the former junction box.

The elements of this Corrective Action Plan for this site encompass the following:

1. **Groundwater chloride removal and monitoring.** Groundwater will be evacuated from the monitor well (MW-1) at the site of the release to determine if limited pumping will remove groundwater highest in chlorides. We anticipate withdrawing as much water as the well will deliver over the course of (approximately) a few hours twice weekly for about a month. We will monitor groundwater chloride concentrations during each pumping event to determine if this effort is successful in substantially attenuating chloride levels, or if further pumping or another remedy seems warranted. All chloride-laden groundwater removed from the well will be handled according to regulations and protocols appropriate for oil field produced waters.
2. **Surface ecological restoration.** Soil samples will be taken at selected, representative locations in the vicinity of the former junction box to determine the extent of near-surface soil chloride contamination. These results will be used develop appropriate soil remedies, which may include soil amendments, watering, and the addition of clean soil where this is warranted. The re-establishment of native vegetation will serve to substantially enhance evapo-transpiration, and to thus limit the downward migration of water and chlorides.

The above work will be scheduled as soon as possible upon approval of this CAP by OCD. Data will be analyzed and a summary report prepared and submitted to OCD. The information thus gained from these efforts will be used to develop a final Corrective Action Plan, in consultation with OCD.

Corrective Action Plan

**Vacuum N-6-1 Junction Box and Release
Unit N, Sec 6, T18S, R35E
OCD Case Number 1R0479**

Project History

In April of 2003 Rice Operating Company (ROC) discovered an accidental discharge of approximately 150 bbls of produced water from a junction box at the referenced site, located approximately 2 miles SSE of Buckeye, NM. On August 20th, 2003 soils were sampled using a backhoe, and chloride concentrations were measured (using field titration kits) above 5,000 ppm to the limit of excavation at 12 ft below the surface. This release affected approximately 200 square feet of soil material near the ground surface, based upon visual observation. In April of 2004, the junction box was removed and soils beneath it were excavated to a depth of 7 feet. A clay liner of approximately 1 foot in thickness was placed at the bottom of the excavation, and a new junction box was installed. The present investigation was completed pursuant to an Investigation Characterization Plan (ICP) of December 12th, 2005 and in follow-up to discussions with OCD in Hobbs on February 21st, 2007.

Physiographic Setting

The site is located approximately 2 miles SSE of Buckeye, NM and approximately 120 ft southeast of Marathon's Warn battery; (Figure 1). The topography is gently sloping toward the southeast; (Figure 2). Soils on the site are mapped (as KU) in the Lea County Soil Survey as belonging to the Kimbrough-Lea complex. These are characterized by sandy loam to clay loam to a depth of one to three and a half feet, and this is underlain by several feet of calcium indurated caliche. Vegetation is open range grassland and desert scrub. Groundwater was measured at a depth of approximately 114 feet below the surface, occurring in unconsolidated Tertiary alluvium of the Ogallala Formation. The estimated saturated thickness of the aquifer² here is 110 +/- ft. The likely direction of groundwater flow, based upon water levels measured in monitor wells near N-6-1 is toward the southeast (Figure 3).

² Musharrafieh, G. and Chudnoff, M. 2003. Numerical simulation of groundwater flow for water rights administration in the Lea County underground water basin New Mexico. N.M. Symposium on Hydrologic Modeling

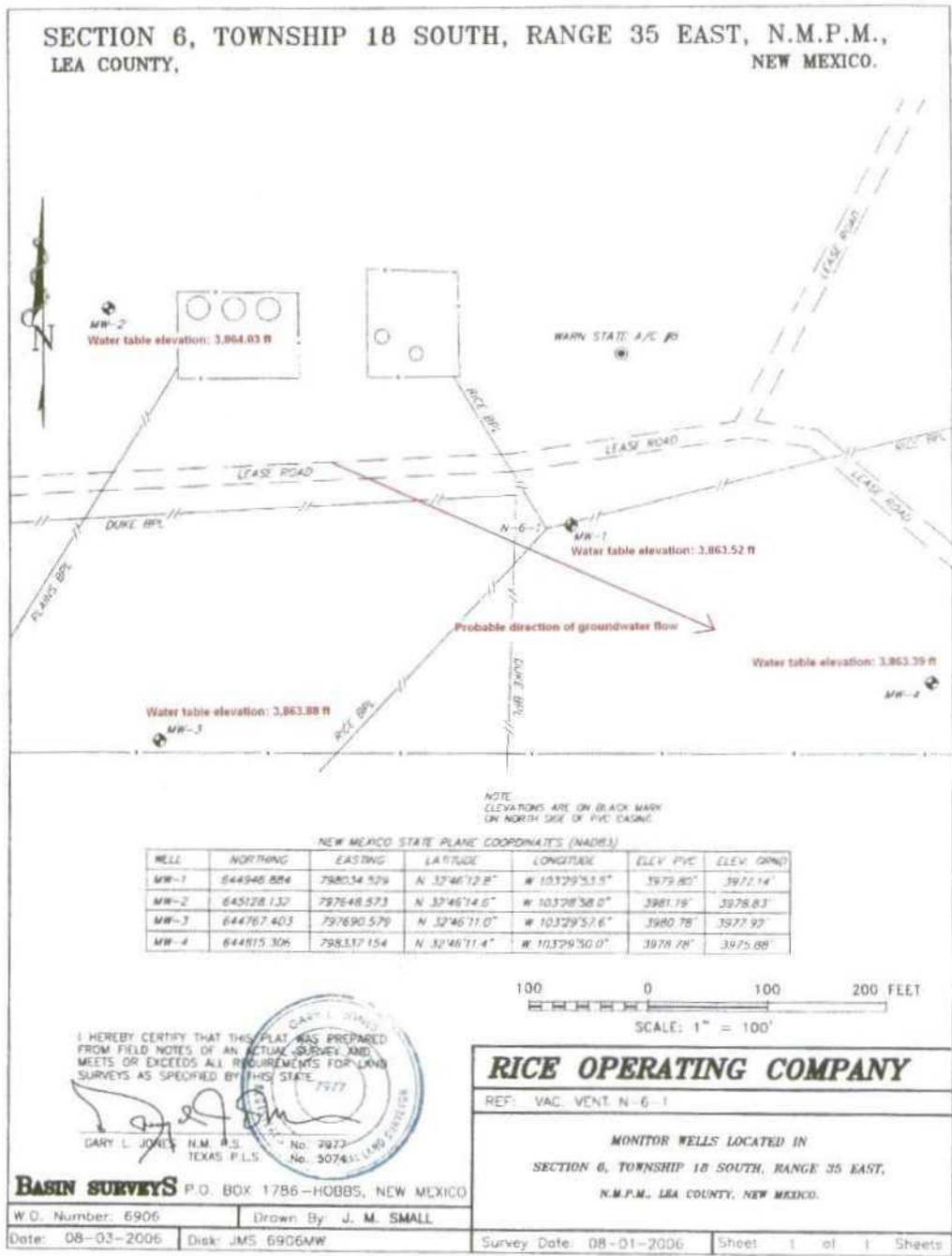


Figure 1 - Aerial photograph showing site location.

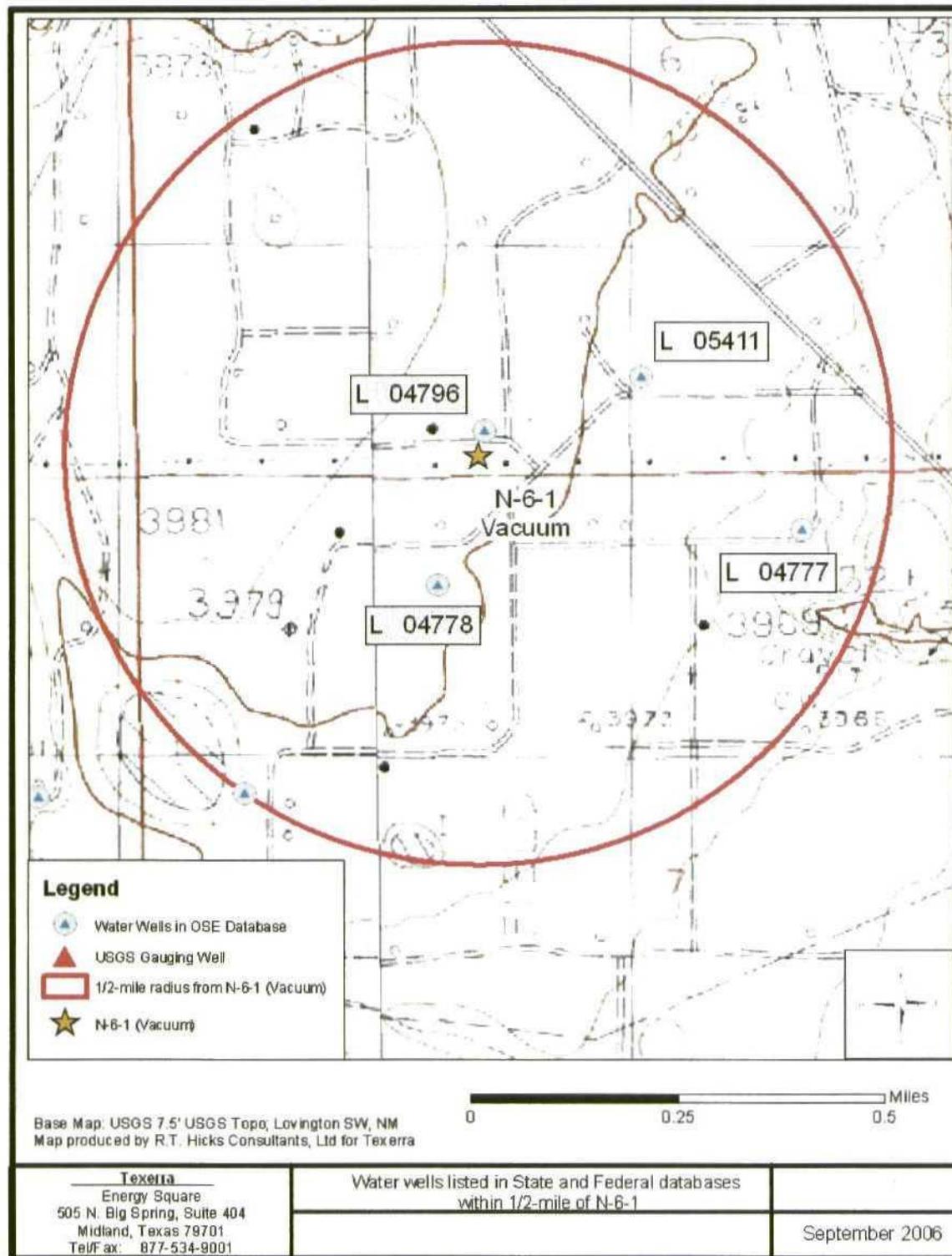


Figure 2 – Topographic map of N-6-1, showing locations of water wells contained in the NM Engineer’s database.

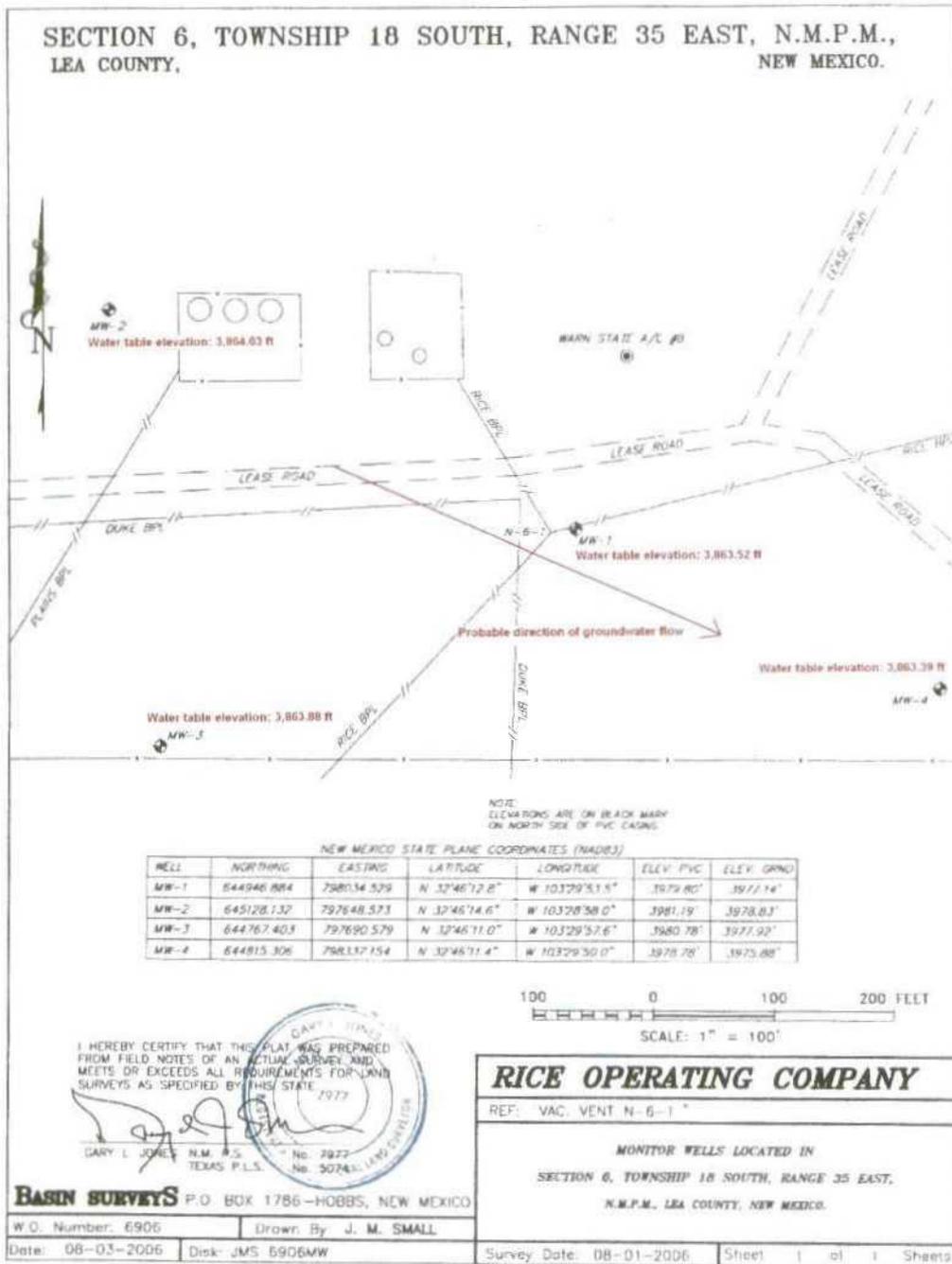


Figure 3 – Surveyed plat of monitor well locations. Water table elevations measured in June of 2006 indicate that the probable direction of groundwater movement is toward the southeast.

Results of Field Investigation

Soil Boring and Monitor Well Locations

Harrison and Cooper, Inc. of Lubbock, Texas was retained to drill soil borings and to install monitoring wells on this site. The site was drilled on June 19th, 2006. L. Peter Galusky, Jr. was present to mark the desired locations of soil borings and monitor wells, and to log drill cuttings. Soil borings were drilled adjacent to the former junction box, at selected locations circumscribing the site of release, and at upgradient and downgradient locations (Figure 4).

N-6-1 Approximate Monitor Well and Soil Boring Locations

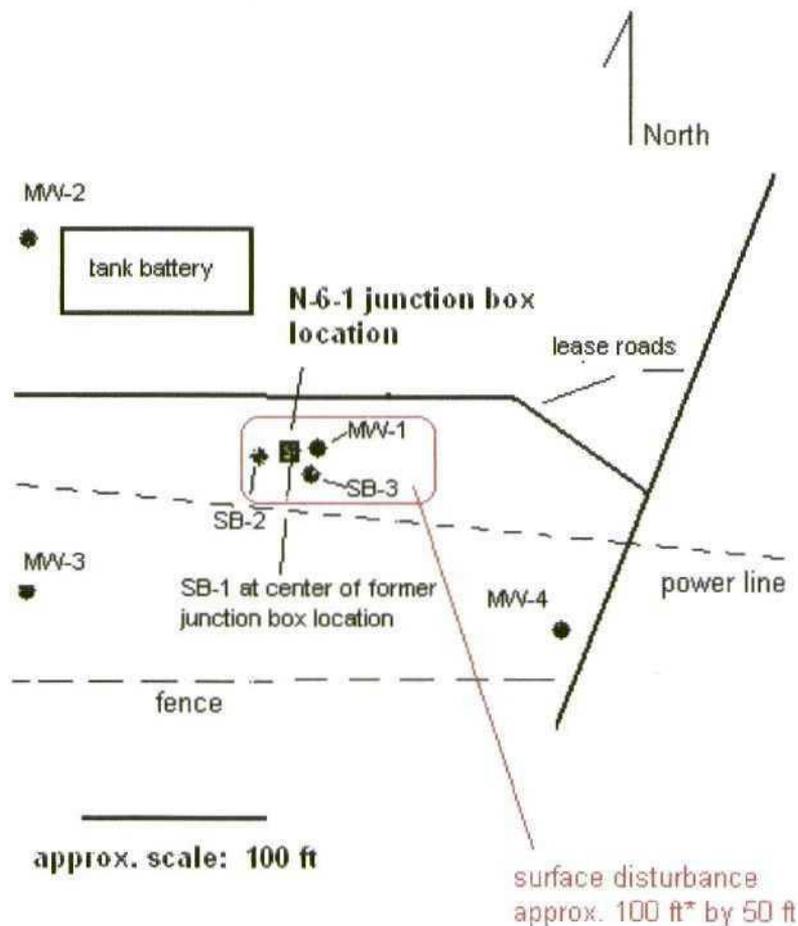


Figure 4 – Approximate soil boring and monitor well locations.

Soil Chloride Concentrations

Soil samples were analyzed at discreet intervals for chlorides using the Rice field titration procedure described in the ICP. **Soils near the release site were impacted by chlorides from the surface down to the present water table;** (Figure 5).

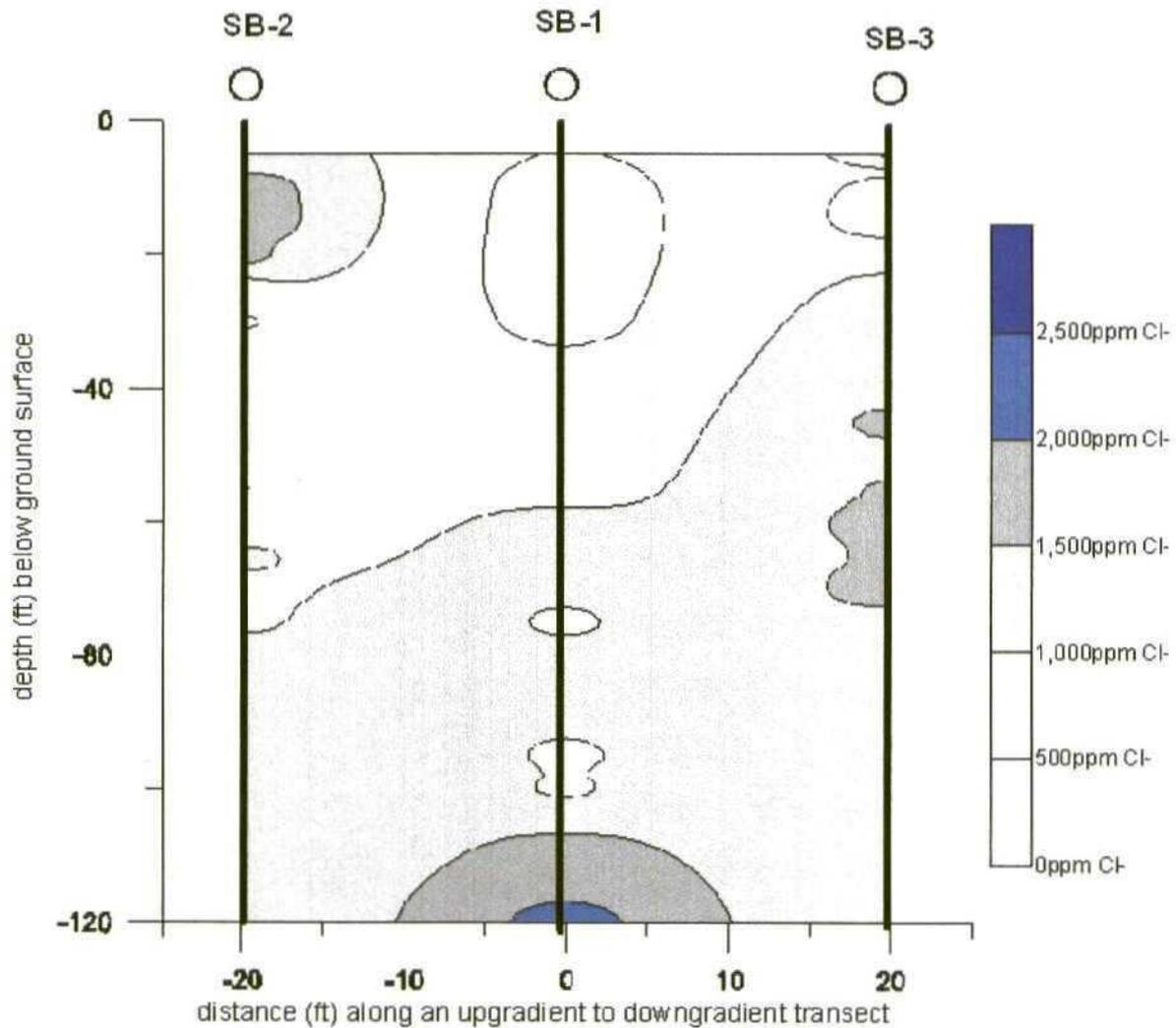


Figure 5 – Interpolated soil chloride concentrations (mg/kg) along an upgradient to downgradient transect across the release site.

Soil boring logs and the results of field chloride sampling and laboratory analysis are given in Tables 1 through 7 of the Appendix. A subset of samples was sent to a commercial laboratory for verification. Although field soil vapor levels were detectable in some samples, laboratory analysis for BTEX was non-detectable.

Groundwater Chloride Concentrations

Groundwater sampled on June 28th, 2006 near the release center (MW-1) contained elevated chlorides of 21,900 ppm; (Figure 6). Chloride concentrations measured 21 ppm in an upgradient well (MW-2) and 34.5 ppm in a downgradient well (MW-4), both indicative of uncontaminated background concentrations. There were slight downward changes (likely within laboratory measurement error) for samples taken again on October 18th, 2006.

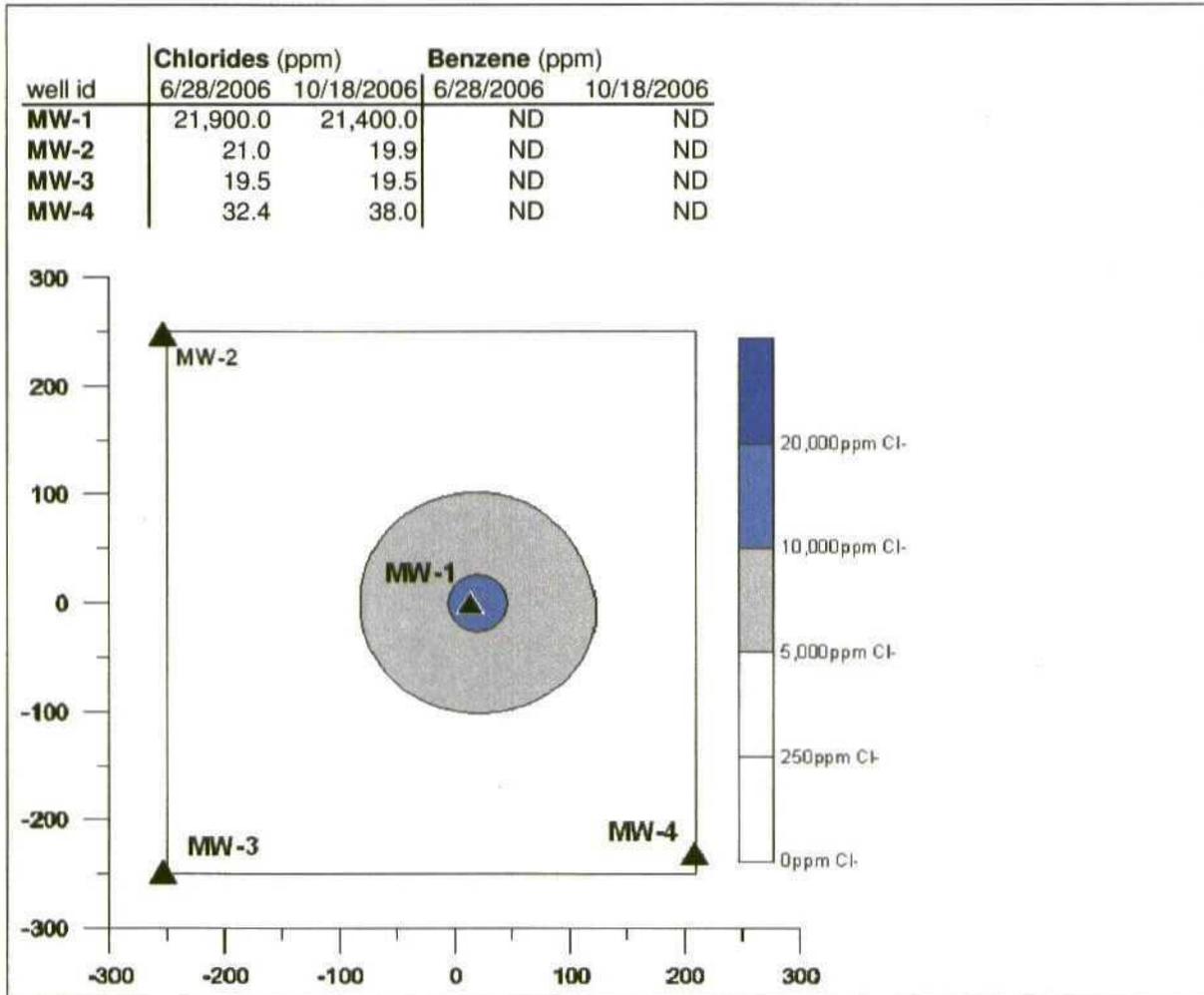


Figure 6 – Measured groundwater chloride and hydrocarbon concentrations (in tabular form), and interpolated groundwater chloride concentrations (mg/liter) in monitor wells.

Proposed Interim Corrective Action Measures

These data indicate that **the impact of the release at N-6-1 has been on soils, surface vegetation and groundwater near the former junction box.** However, it appears that **the effects are localized** in aerial extent, being **focused near the center of the former junction box.** These findings suggest the following interim corrective action measures:

1. **Groundwater chloride removal and monitoring.** Groundwater will be withdrawn from the monitor well (MW-1) at the site of the release to determine if limited pumping will effectively attenuate chloride concentrations. We anticipate withdrawing as much water as the well will deliver over the course of (approximately) a few hours twice weekly for about a month. We will monitor groundwater chloride concentrations during each pumping event to determine if this effort is successful in substantially attenuating chloride levels, or if further pumping or another remedy seems warranted. All chloride-laden groundwater removed from the well will be handled according to regulations and protocols appropriate for oil field produced waters.

If a few rounds of aggressive pumping effectively diminish groundwater chlorides near the release location, this will demonstrate that the groundwater impact has been minor and localized. If chloride levels do not substantially diminish, the information gained during this effort will be nevertheless be useful in developing subsequent corrective measures.

2. **Surface ecological restoration.** An area of approximately 100 ft by 50 ft around (mostly east of) the release site is mostly devoid of vegetation (Figure 4; photo on cover page). This may reflect earth moving activity as much as salt contamination. Nevertheless, in order to determine an appropriate soil remedy to facility revegetation, near-surface soil samples will be taken at selected, representative locations and sampled for chlorides. These results will be used develop appropriate soil remedies, which may include soil amendments (likely gypsum), watering, and/or the addition of clean soil where this is warranted. The re-establishment of native vegetation will serve to substantially enhance evapo-transpiration, and to thus limit the downward migration of water and chlorides.

Data Analysis and Finalization of Path Forward

The above work will be scheduled as soon as possible upon approval of this CAP by OCD. Data will be analyzed and a summary report prepared and submitted to OCD. The information thus gained from these efforts will be used to finalize the path forward for this project.

Appendix – Soil Boring Logs

Soil Boring Log

Rice Operating Company
Vacuum Field SWD System

N-6-1 Jct Box

Identification: MW-1

Location: approx 20 east of former junction box

Date: 6/19/2006

Driller: Ken Cooper (Harrison and Cooper, Inc.)

Drill method: Air Rotary

Logged by: L. Peter Galusky, Jr.

Monitor well screened interval : top 104 ft below ground surface
bottom 124 "

Depth	Field	Lab	Field OVM test (ppm)	Lab BTEX test (ppm)	Cutting Description	Well Schematic
	Chloride Test (ppm)	Chloride Test (ppm)				
0					light gray sand	solid pipe
-5	1042	1344	987 ND		light gray caliche	"
-10	367		9.4		"	"
-15	198		59.5		"	"
-20	389		185		"	"
-25	299		14.3		"	"
-30	246		8.2		"	"
-35	133		4.5		"	"
-40	239	160	9.5 ND		light brown sand	"
-45	260		4.1		"	"
-50	224		0		"	"
-55	145		0		"	"
-60	237		0		brown sand	"
-65	199		0		"	"
-70	160		0		"	"
-75	204		0		"	"
-80	261		0		"	"
-85	484		0		"	"
-90	1231	1248	0 ND		brown sand w/ light gray mottles	"
-95	1474		0		brown sand w/ gray and red mottles	"
-100	1823		0		"	"
-105	2001		0		"	screen
-110	2467		0		"	"
-115	2663		0		"	"
-120	1032		0		" (moist)	"
-125						"

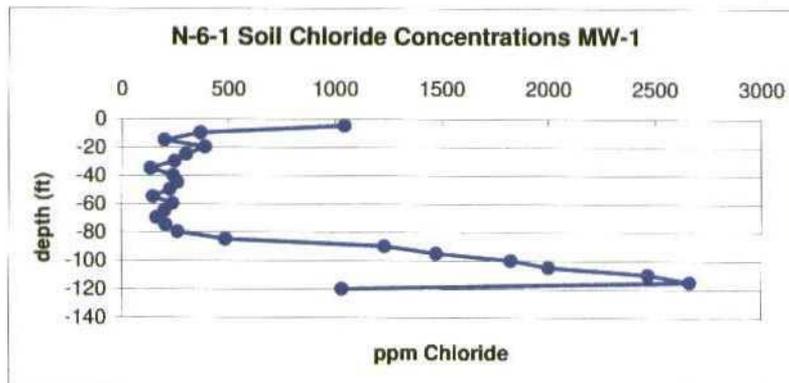


Table 1 – Soil boring log and chloride levels for MW-1.

Soil Boring Log
Rice Operating Company
Vacuum Field SWD System
N-6-1 Jct Box

Identification: MW-2
Location: approx. 350 ft northwest of former junction box
Date: 6/19/2006
Driller: Ken Cooper (Harrison and Cooper, Inc.)
Drill method: Air Rotary
Logged by: L. Peter Galusky, Jr.
Monitor well screened interval: top 104 ft below ground surface
bottom 124 "

Depth	Field	Lab	Field OVM	Lab BTEX	Cutting Description	Well Schematic
	Chloride Test (ppm)	Chloride Test (ppm)				
0					light gray sand	solid pipe
-5	169		0.6		light gray caliche	"
-10	121		0		"	"
-15	110		0		"	"
-20	83		0		"	"
-25	59		0		"	"
-30	58		0		tan sand	"
-35	61		0		"	"
-40	55		0		"	"
-45	58		0		"	"
-50	61		0		"	"
-55	59		0		" (sandstone layer 58 to 60 ft)	"
-60	29		0		brown sand	"
-65	57		0		"	"
-70	59		0		"	"
-75	58		0		olive brown sand	"
-80	55		0		"	"
-85	58		0		"	"
-90	57		0		"	"
-95	56		0		" (w/ small, friable light gray concretions)	"
-100	89		0		"	"
-105	83		0		light brown hard sandstone	screen
-110	30		0		"	"
-115	45 <16		0 ND		light brown sand	"
-120	29		0		" (moist)	"
-125						"

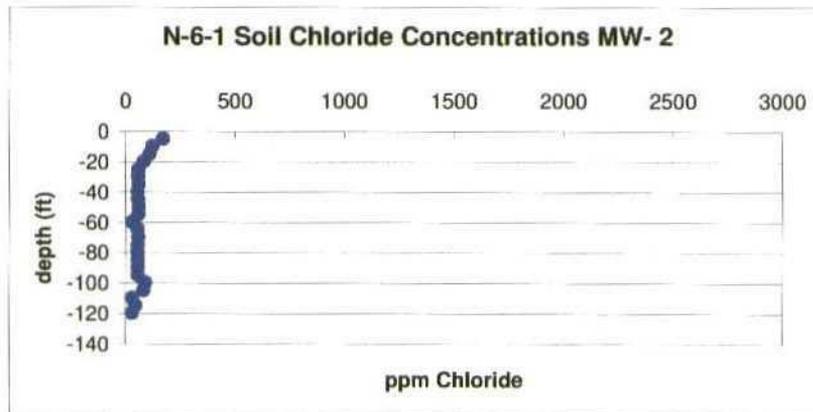


Table 2 – Soil boring log and chloride levels for MW-2.

Soil Boring Log
Rice Operating Company
Vacuum Field SWD System
N-6-1 Jct Box

Identification: MW-3
Location: approx. 350 ft. southwest of former junction box
Date: 6/20/2006
Driller: Ken Cooper (Harrison and Cooper, Inc.)
Drill method: Air Rotary
Logged by: L. Peter Galusky, Jr.
Monitor well screened interval: top 104 ft below ground surface
bottom 124 "

Depth	Field	Lab	Field OVM	Lab BTEX	Cutting Description	Well Schematic
	Chloride Test (ppm)	Chloride Test (ppm)				
0					light gray sand	solid pipe
-5					light gray caliche	"
-10	92		0		"	"
-15	74				"	"
-20	56		0		light tan fine sand	"
-25	71				"	"
-30	85		0		"	"
-35	85				"	"
-40	85		0		"	"
-45	57				"	"
-50	29		0		"	"
-55	29				"	"
-60	29		0		hard light tan sandstone	"
-65	28				brown sand	"
-70	27		0		"	"
-75	28				"	"
-80	28 <16		0 ND		"	"
-85					"	"
-90					"	"
-95					"	"
-100					"	"
-105					"	screen
-110					"	"
-115					"	"
-120					"	"
-125					"	"

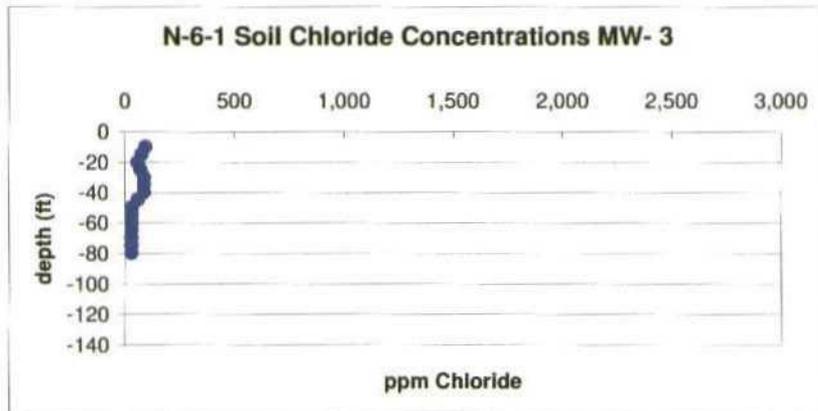


Table 3 – Soil boring log and chloride levels for MW-3.

**Soil Boring Log
Rice Operating Company
Vacuum Field SWD System
N-6-1 Jct Box**

Identification: MW-4
Location: approx. 300 ft. southeast of former junction box
Date: 6/20/2006
Driller: Ken Cooper (Harrison and Cooper, Inc.)
Drill method: Air Rotary
Logged by: L. Peter Galusky, Jr.
Monitor well screened interval: top 104 ft below ground surface
bottom 124 "

Depth	Field	Lab	Field OVM	Lab BTEX	Cutting Description	Well Schematic
	Chloride Test (ppm)	Chloride Test (ppm)				
0					light gray sand	solid pipe
-5					light gray caliche	"
-10	27		0		"	"
-15	28				"	"
-20	28		0		"	"
-25	29				"	"
-30	29		0		brown sand	"
-35	29				"	"
-40	28		0		"	"
-45	29				"	"
-50	29		0		light brown sand	"
-55	29				hard light tan sandstone	"
-60	28		0		light brown sand	"
-65	28				"	"
-70	28		0		light reddish brown sand	"
-75	28				"	"
-80	28		0		olive brown sand	"
-85	28				"	"
-90	28 <16		0 ND		"	"
-95					"	"
-100					"	"
-105					"	"
-110					"	"
-115					"	"
-120					"	"
-125					"	"

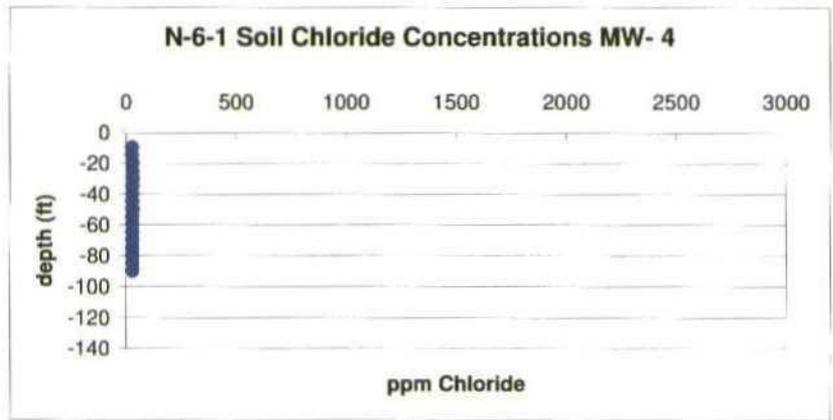


Table 4 – Soil boring log and chloride levels for MW-4.

**Soil Boring Log
Rice Operating Company
Vacuum Field SWD System
N-6-1 Jct Box**

Identification: SB-1
Location: near center of former junction box
Date: 6/19/2006
Driller: Ken Cooper (Harrison and Cooper, Inc.)
Drill method: Air Rotary
Logged by: L. Peter Galusky, Jr.

Depth	Field	Lab			Cutting Description
	Chloride	Chloride	Test	Field OVM Lab BTEX	
	(ppm)	(ppm)	test (ppm)	test (ppm)	
0					dark brown loam
-5	486		10.3		light gray caliche
-10	166		2317		"
-15	182	16	4897	ND	"
-20	113		3710		"
-25	112		1182		"
-30	138		2310		gray caliche
-35	509		1149		"
-40	680		1818		light brown sand
-45	761		1810		"
-50	707		1318		"
-55	629		1113		hard light tan sandstone
-60	1285		509		light brown sand
-65	1101		37.7		"
-70	1032		13.7		"
-75	927		7.5		"
-80	1078		9.2		"
-85	1028		20.1		"
-90	1002		8.1		"
-95	899		2.9		"
-100	887		5.9		"
-105	1351		11.8		"
-110	2014		19.6		"
-115	1949		2.3		"
-120	2413	2687	1.5	ND	"

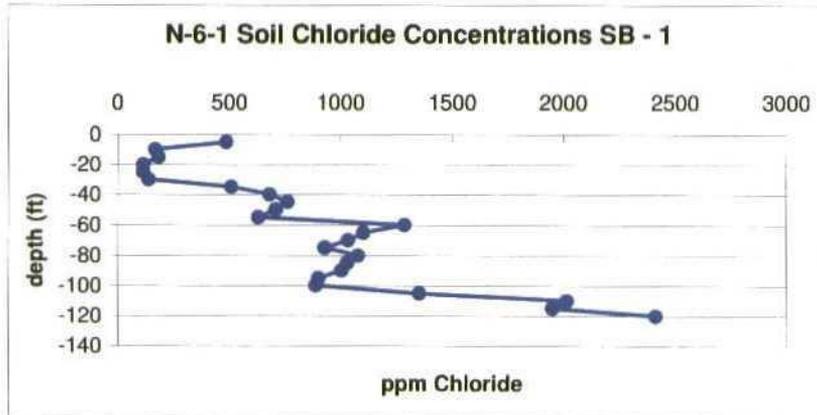


Table 5 – Soil boring log and chloride levels for SB-1.

**Soil Boring Log
Rice Operating Company
Vacuum Field SWD System
N-6-1 Jct Box**

Identification: SB-2
Location: approx. 20 ft west of former junction box
Date: 6/22/2006
Driller: Ken Cooper (Harrison and Cooper, Inc.)
Drill method: Air Rotary
Logged by: L. Peter Galusky, Jr.

Depth	Field	Lab	Field OVM test (ppm)	Lab BTEX test (ppm)	Cutting Description
	Chloride Test (ppm)	Chloride Test (ppm)			
0					light tan sand and caliche
-5	992		0		"
-10	1915		0		"
-15	1977		0		tan sand
-20	1657		0		"
-25	895		0		"
-30	419		1		"
-35	709		0		"
-40	801	880	3.5	ND	"
-45	693		0.1		"
-50	892		0		"
-55	474		0.2		"
-60	769		1.4		hard light tan sandstone
-65	1061		0		brown sand
-70	950		0		"
-75	943		0		"
-80	1107		0		"
-85	1300		0.1		"
-90	1337		0.2		"
-95	1083		0.4		"
-100	1050		0		olive brown sand
-105	1166		0.3		"
-110	1315		0		"
-115	1390	1951	0		"
-120					"

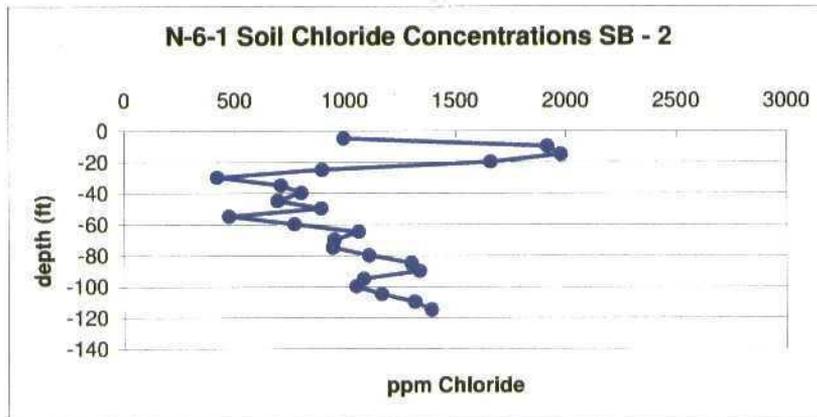


Table 6 – Soil boring log and chloride levels for SB-2.

Soil Boring Log
Rice Operating Company
Vacuum Field SWD System
N-6-1 Jct Box

Identification: SB-3
Location: approx. 20 ft southeast of former junction box
Date: 6/22/2006
Driller: Ken Cooper (Harrison and Cooper, Inc.)
Drill method: Air Rotary
Logged by: L. Peter Galusky, Jr.

Depth	Field	Lab	Field OVM	Lab BTEX	Cutting Description
	Chloride	Chloride			
	Test (ppm)	Test (ppm)	test (ppm)	test (ppm)	
0					light tan sand and caliche
-5	1567		4.3		"
-10	172		0		"
-15	91		3		tan sand
-20	782		1.5		"
-25	1240		1.2		"
-30	1292		0.3		"
-35	1424		0.3		"
-40	1386		2.2		"
-45	1721	2351	1	ND	"
-50	1367		0.6		"
-55	1549		0.4		"
-60	1849		0.2		hard light tan sandstone
-65	1519		0		brown sand
-70	1994		0		"
-75	1226		0		"
-80	1097		0		"
-85	1195		0		"
-90	1358		0		"
-95	1411		0		"
-100	1262		0		olive brown sand
-105	1259		0		"
-110	1209		0		"
-115	1217	1504	0		"
-120					"

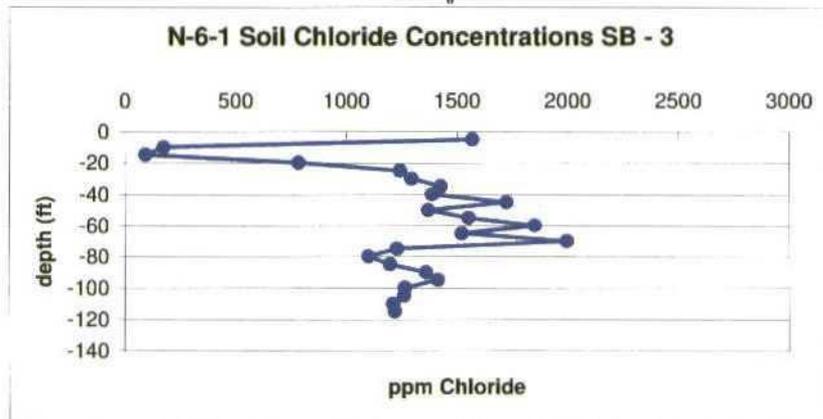


Table 7 – Soil boring log and chloride levels for SB-3.

Hansen, Edward J., EMNRD

From: Price, Wayne, EMNRD
Sent: Wednesday, December 20, 2006 10:16 AM
To: lpg@texerra.com
Cc: Kristin Pope; Carolyn Haynes; Hansen, Edward J., EMNRD
Subject: RE: Rice Operating Co. - Rule 19 letter

Your request is hereby respectfully denied because of the amount of time that has already lapsed.

PS: In the future please cc ED Hansen of our staff on all submittals.

From: L. Peter Galusky, Jr. P.E. [mailto:lpg@texerra.com]
Sent: Tuesday, December 19, 2006 1:41 PM
To: Price, Wayne, EMNRD
Cc: Kristin Pope; Carolyn Haynes
Subject: Rice Operating Co. - Rule 19 letter

Wayne,

This is in follow-up to the voice mail message that I left earlier today.

Rice received your letter, dated December 8th, bringing the following sites under Rule 19 requirements:

Rice Vacuum E-2
OCD Case No. 1R0425-01

Rice Vacuum K-35-1
OCD Case No. 1R0425-03

Rice Vacuum N-6-1
OCD Case No. 1R0479

As we received this letter, we were just about to submit to you Corrective Action Plans (CAPs) for these sites, which would address their groundwater impacts. We believe that the measures proposed in these CAPs would provide sufficient remedy to ameliorate their groundwater impacts (which we believe are small and localized), and that the regulatory rigor of Rule 19 requirements would therefore not be necessary.

I therefore wish to appeal to you, to rescind the Rule 19 declarations for these sites until you have had time to consider their CAPs. I can have the CAPs to you by end of day Thursday (December 21st) ... and very likely sooner if you this would be helpful.

I would be most grateful for your consideration of this request.

Sincerely,

Peter Galusky

12/20/2006

L. Peter Galusky, Jr. P.E.
Principal Environmental Engineer
Texerra
Energy Square
505 N. Big Spring, Suite 404
Midland, Texas 79701
E-mail: lpg@texerra.com
Web: www.texerra.com
Office Telephone/Fax: 877-534-9001

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to: 12-8-06

Kristen Farris Pope
Ric Operating Company
122 West Taylor
Hobbs, NM 88240

2. Article Number
(Transfer from service label)

7001 1940 0004 3929 4418

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Marla Harrington Addressee

B. Received by (Printed Name) C. Date of Delivery
Marla Harrington 2/12/06

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

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