

R. T. HICKS CONSULTANTS, LTD.

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April 11, 2016

Ms. Heather Patterson
New Mexico Oil Conservation Division
811 South First Street
Artesia, New Mexico 88210

RE: Remediation Plan/Final Closure Report
Southland State No.2 Release Site, Finney Oil Company
T19S R28E Section 7 Unit Letter B, Eddy County NM

Dear Ms. Patterson:

On behalf of Finney Oil Company, R.T. Hicks Consultants (Hicks Consultants) is pleased to present the following Remediation Plan/Final Closure Report for the Southland State No.2 release site.

Incident History

The release, associated with the Southland State No.2, occurred on December 15, 2016. Figure 1 shows the release area relative to nearby wells and topography. The release area is located in Unit B Sec. 7, T19S-R28E.

The source of the release was a water leg which was attached to the gun barrel at the tank battery, the water leg being damaged by high winds in the area. The water leg was detached from the gun barrel releasing hydrocarbon into the bermed area at the battery. The berm surrounding the battery did not contain the release; hydrocarbon overflowed the berm, flowing onto the location to the west side of battery. The Southland State No.2 well was shut-in at the time of the release. Finney Oil Company was in the process of transferring ownership for the Southland State No.2 from Tandem Energy Corporation to Finney Oil Company. The release volume was 20 bbls hydrocarbon with 0 bbls being recovered. The impacted area was measured to be 3-feet to 21-feet wide x 105-feet long. On 12/16/16 immediately following the release, excavation on impacted material began. A backhoe was utilized to excavate the impacted area located with-in the bermed area of the battery and on location west of the stock tanks. The impacted area was excavated to 1-foot below ground surface (bgs). Hard rock was encounter at 1-foot bgs. Removed material was loaded onto a dump truck and then transported to Lea Land fill LLC, and approved NMOCD landfill.



Figure 1: Blue out lined area is the impacted area. North is up the page.

On February 4, 2016, Hicks Consultants collected soil samples from the release area. Sample locations are shown on Figure 2. The samples were collected from the sidewalls and bottom of the excavated area. Sample locations labeled S-8, S-9 and S-10 were collected in the bottom of the excavated area at 1-foot (bgs). Soil samples were transported to Cardinal Laboratories located in Hobbs, New Mexico for analysis.

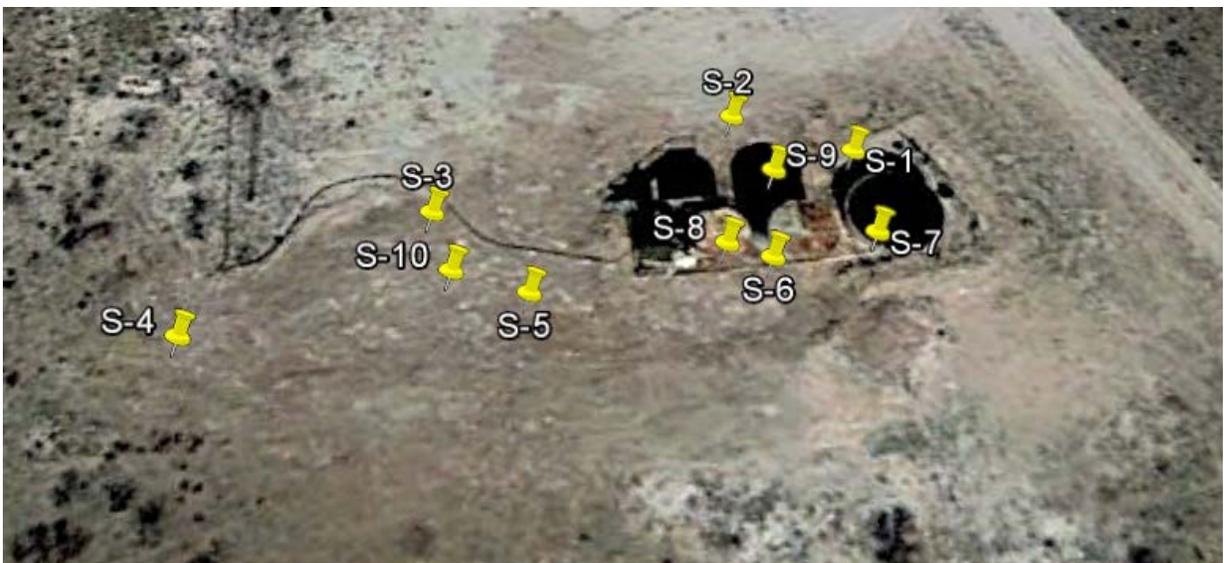


Figure 2: Sample locations

Laboratory Results

Table 1 presents Lab results for samples collected on February 4, 2016. Analytical results report that the chloride to be 592 mg/kg in the sample labeled S-5, samples labeled S-2, S-5 & S-10 demonstrating that hydrocarbon was the only production fluid present in the release. Soil samples collected were analyzed for TPH and BTEX in sample locations S-1 through S-10, analytical results reported for the combined GRO/DRO total TPH were less than 660 mg/kg, BTEX was reported to be <0.300 mg/kg the method-detection limit. Benzene was reported as <0.050 mg/kg. Appendix A has the laboratory results.

Analytical test results for Southland State No.2 tank battery release

Sampling Location and Depth	Chloride mg/kg	GRO mg/kg	DRO mg/kg	Ext. DRO mg/kg	BTEX mg/kg	Benzene	Sampling date	Lat.-Long
S-1		<10.0	275		<0.300	<0.050	2/4/2016	32.68087 -104.21355
S-2	96	<10.0	354	84.3	<0.300	<0.050	2/4/2016	32.68090 -104.361
S-3		<10.0	272		<0.300	<0.050	2/4/2016	32.68086 -104.21378
S-4		<10.0	<10.0		<0.300	<0.050	2/4/2016	32.68079 -104.21391
S-5	592	<10.0	660	226	<0.300	<0.050	2/4/2016	32.68081 -104.21373
S-6		<10.0	138		<0.300	<0.050	2/4/2016	32.68082 -104.21360
S-7		<10.0	267		<0.300	<0.050	2/4/2016	32.68082 -104.21538
S-8		<10.0	<10.0		<0.300	<0.050	2/4/2016	32.68082 -104.21361
S-9		<10.0			<0.300	<0.050	2/4/2016	32.68087 -104.21359
S-10	336	<10.0	481	147	<0.300	<0.050	2/4/2016	32.68082 -104.21377

Table 1: Laboratory results from the 10 sample locations.

Hydrogeologic Data

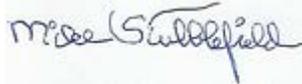
- A review of the New Mexico Office of State Engineer waters data base found the nearest water well to be located in Sec. 18, Township 19S Range 28E. The depth to water was reported to be 91-feet (bgs).
- There are no water sources or water wells located with-in one-thousand feet of the release area.
- There is no surface water located with-in one-thousand feet of the release area.

REMEDIATION ACTIONS

- Impacted material in the release area was excavated to a depth of 1-foot (bgs) and then transported to Lea Land LLC and NMOCD approved Landfill.
- On February 4, 2016 soil sample was collected from the excavated area of release and submitted to Cardinal Laboratories. (Appendix A)
- Analytical results report Chloride in the excavated area to be 292 ppm.
- On February 4, 2016 confirmation samples were collected from the excavated area and submitted to Cardinal Laboratories. (Table 1)
- Analytical results received from Cardinal laboratories reported the combined GRO/DRO for total TPH in the excavated area to be 660 mg/kg or less. Extended DRO was reported to be 226 mg/kg or less. BTEX was reported to be <0.300 mg/kg the method detection limit, benzene was reported to be <0.050 mg/kg.
- The excavated material from the release was transported to Lea Land LLC for disposal.
- The excavated area will be backfilled using like material for the surrounding area. New berms will be constructed around the stock tanks.

Finney Oil Company is requesting closure for the release that occurred on December 15, 2015 at the Southland State No.2. Please contact me if further information is required.

Sincerely,
R.T. Hicks Consultants, Ltd.



Mike Stubblefield
R.T. Hicks Consultants
575-365-5034

Copy: Darrel Finney, Finney Oil Company

Appendix A