

ENVIRONMENTAL PLUS, INC.
 STATE APPROVED LAND FARM AND ENVIRONMENTAL SERVICES

Micro-Bleed

Micro-Bleed Out™

PC
1/23/06

August 18, 2004

Mr. Paul Sheeley
 Environmental Engineer
 New Mexico Oil Conservation Division
 1625 North French
 Hobbs, New Mexico 88240

PROD WTR 78,000

*ELEV 3900
 TOP 3999*

Subject: Delineation Work Plan Proposal

Re: Devon Kachina 8 Federal Well #2, AP # 30025313710000
 UL-E, SW¼ of the NW¼ of Section 8 T18S R33E
 Latitude: 32°45'48.9"N and Longitude: 103°41'29.1"W
 Landowner:

Dear Mr. Sheeley,

Environmental Plus, Inc. (EPI) submits the attached delineation proposal on behalf of Gandy Corporation for the above referenced leak site located approximately 7.9 miles southeast of Maljamar, New Mexico on land owned by the US Department of Interior and managed by the Bureau of Land Management (BLM). The New Mexico Office of the State Engineer Website Database records a water well 0.49 miles northeast of the site with a water level of 100 feet below ground surface ('bgs). The attached site information and metrics form ranks the site in accordance with the New Mexico Oil Conservation Division (NMOCD) Guidelines for Remediation of Leaks, Spills and Releases (August 13, 1993). Site maps and the water level report are attached.

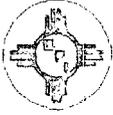
This release consisted of saline produced water with a small quantity of crude oil. Gandy Corporation has previously submitted the initial NMOCD Rule 116 form C-141 notification. The Constituents of Concern (CoCs) are: Chloride, Total Petroleum Hydrocarbon EPA method 8015m (TPH^{8015m}), Benzene, and BTEX, i.e., the mass sum of Benzene, Toluene, Ethyl Benzene, and Xylenes. Volatile Organic Constituent (VOC) headspace survey data <100 ppm collected in the field may be submitted in lieu of laboratory Benzene and BTEX closure analyses consistent with NMOCD Guidelines. Being associated with oil and gas production, the impacted soil is considered to be exempted from RCRA 40 CFR Part 261.

Delineation Work Plan

It is proposed to advance and sample seven strategically located soil borings (refer to attached proposed borehole site map) within the spill area perimeter to delineate the vertical extent of CoC impact above the NMOCD remedial goals. The horizontal extents of impact are considered to be coincident with the spill area perimeter and will be confirmed by sampling the sidewalls during excavation. All soil boring samples will be

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*Gandy Corp = 68881
 Incident # = NPAC0602339461
 application - NPAC0603137051*



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collected discretely at 5-foot vertical intervals beginning at the surface and will be terminated when the sample VOC headspace and the field chloride are surveyed to be acceptable, i.e., <100ppm and 500 mg/Kg, respectively. The borings will be advanced with a trailer mounted drilling rig using 5¼" hollow stem auger and inner rod. Discrete samples will be collected with a 1-inch stainless steel probe with a disposable vinyl liner. Laboratory samples will be immediately jarred and refrigerated and the remainder surveyed for volatile organics and chloride. Laboratory samples will be submitted to Cardinal Laboratories in Hobbs, New Mexico under chain of custody protocols. All processes and procedures will be in accordance with the Environmental Plus, Inc. Standard Operating Procedures and Quality Assurance Quality Control Plan. Upon receipt of the analytical results, a site delineation report will be developed and a remediation proposal submitted to the NMOCD and BLM for consensus. Maps and photographs are attached.

If there are any questions please call Mr. Ben Miller or myself at the office or at 505.390.0288 and 505.390.7864, respectively.

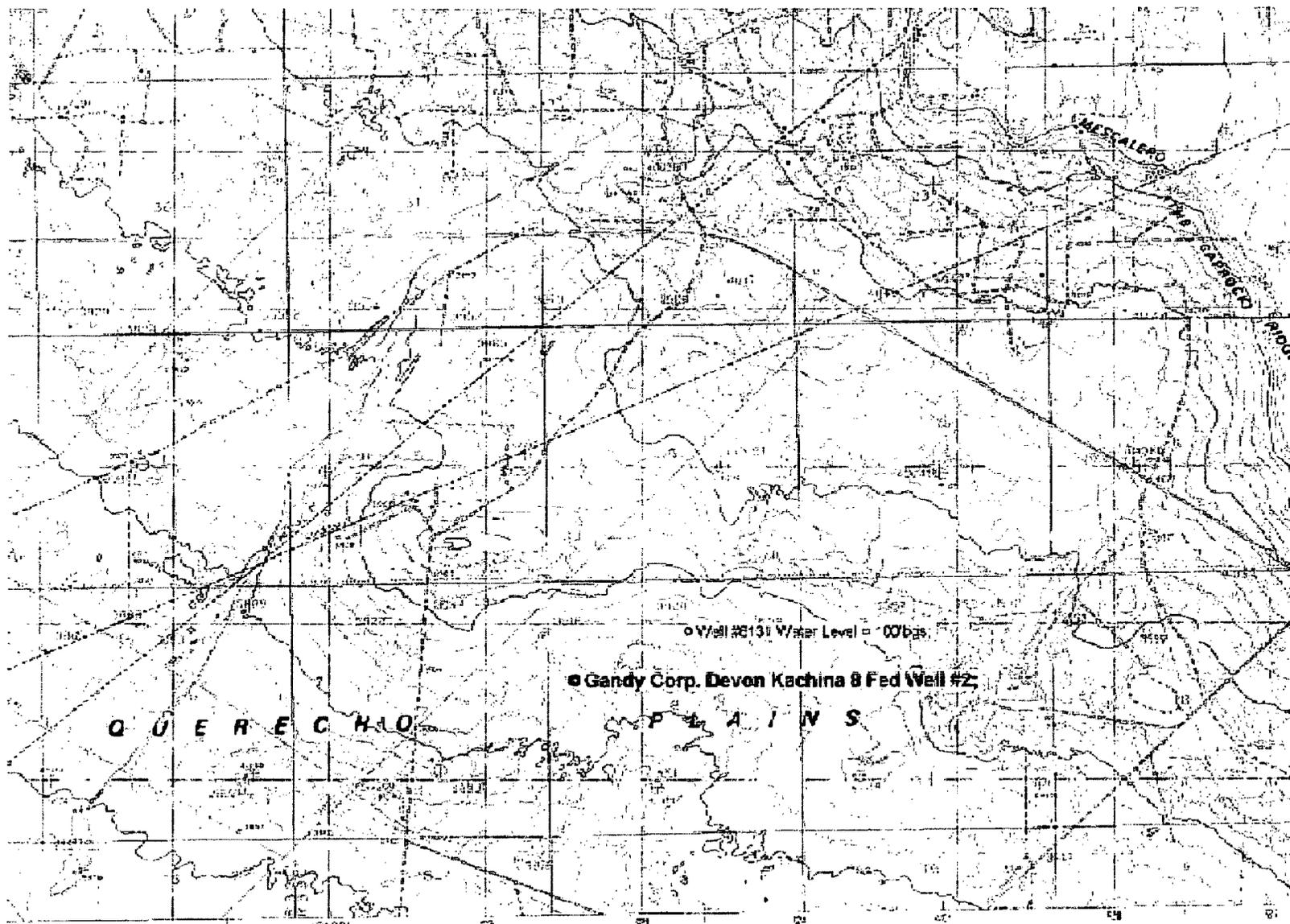
Sincerely,

Pat McCasland
EPI Technical Services Manager

cc: Paul Evans, BLM Carlsbad
John Gandy, Gandy Corporation
Ben Miller, EPI Vice President and General Manager
Sherry Miller, EPI President
file

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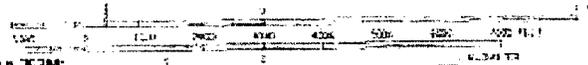
Gandy Corporation Site Information and Metrics		Incident Date:	NMOCD Notified:
SITE: Devon Kachina 8 Federal Well #2		Assigned Site Reference #:	
Company: Gandy Corporation			
Street Address:			
Mailing Address:			
City, State, Zip:			
Representative: John Gandy			
Representative Telephone: 505.396.4948			
Telephone:			
Fluid volume released (bbls):		Recovered (bbls):	
>25 bbls: Notify NMOCD verbally within 24 hrs and submit form C-141 within 15 days. (Also applies to unauthorized releases >500 mcf Natural Gas)			
5-25 bbls: Submit form C-141 within 15 days (Also applies to unauthorized releases of 50-500 mcf Natural Gas)			
Leak, Spill, or Pit (LSP) Name: Devon Kachina 8 Federal Well #2			
Source of contamination: Transport			
Land Owner, i.e., BLM, ST, Fee, Other: BLM			
LSP Dimensions 140' x 140'			
LSP Area: 11,234 sqft ft ²			
Location of Reference Point (RP)			
Location distance and direction from RP			
Latitude: 32° 45' 48.9"N			
Longitude: 103° 41' 29.1"W			
Elevation above mean sea level: 3,905' amsl			
Feet from South Section Line			
Feet from West Section Line			
Location- Unit or ¼: SW¼ of the NW¼		Unit Letter: E	
Location- Section: 8			
Location- Township: T18S			
Location- Range: R33E			
Surface water body within 1000' radius of site: none			
Surface water body within 1000' radius of site:			
Domestic water wells within 1000' radius of site: none			
Domestic water wells within 1000' radius of site:			
Agricultural water wells within 1000' radius of site: none			
Agricultural water wells within 1000' radius of site:			
Public water supply wells within 1000' radius of site: none			
Public water supply wells within 1000' radius of site:			
Depth from land surface to ground water (DG) 100			
Depth of contamination (DC) - ?			
Depth to ground water (DG - DC = DtGW) - ?			
1. Ground Water		2. Wellhead Protection Area	
If Depth to GW <50 feet: 20 points		If <1000' from water source, or; <200' from private domestic water source: 20 points	
If Depth to GW 50 to 99 feet: 10 points		If >1000' from water source, or; >200' from private domestic water source: 0 points	
If Depth to GW >100 feet: 0 points		Wellhead Protection Area Score= 0	
Ground water Score = 10		Surface Water Score= 0	
Site Rank (1+2+3) = 10			
Total Site Ranking Score and Acceptable Concentrations			
Parameter	>19	10-19	0-9
Benzene ¹	10 ppm	10 ppm	10 ppm
BTEX ¹	50 ppm	50 ppm	50 ppm
TPH	100 ppm	1000 ppm	5000 ppm
¹ 100 ppm field VOC headspace measurement may be substituted for lab analysis			



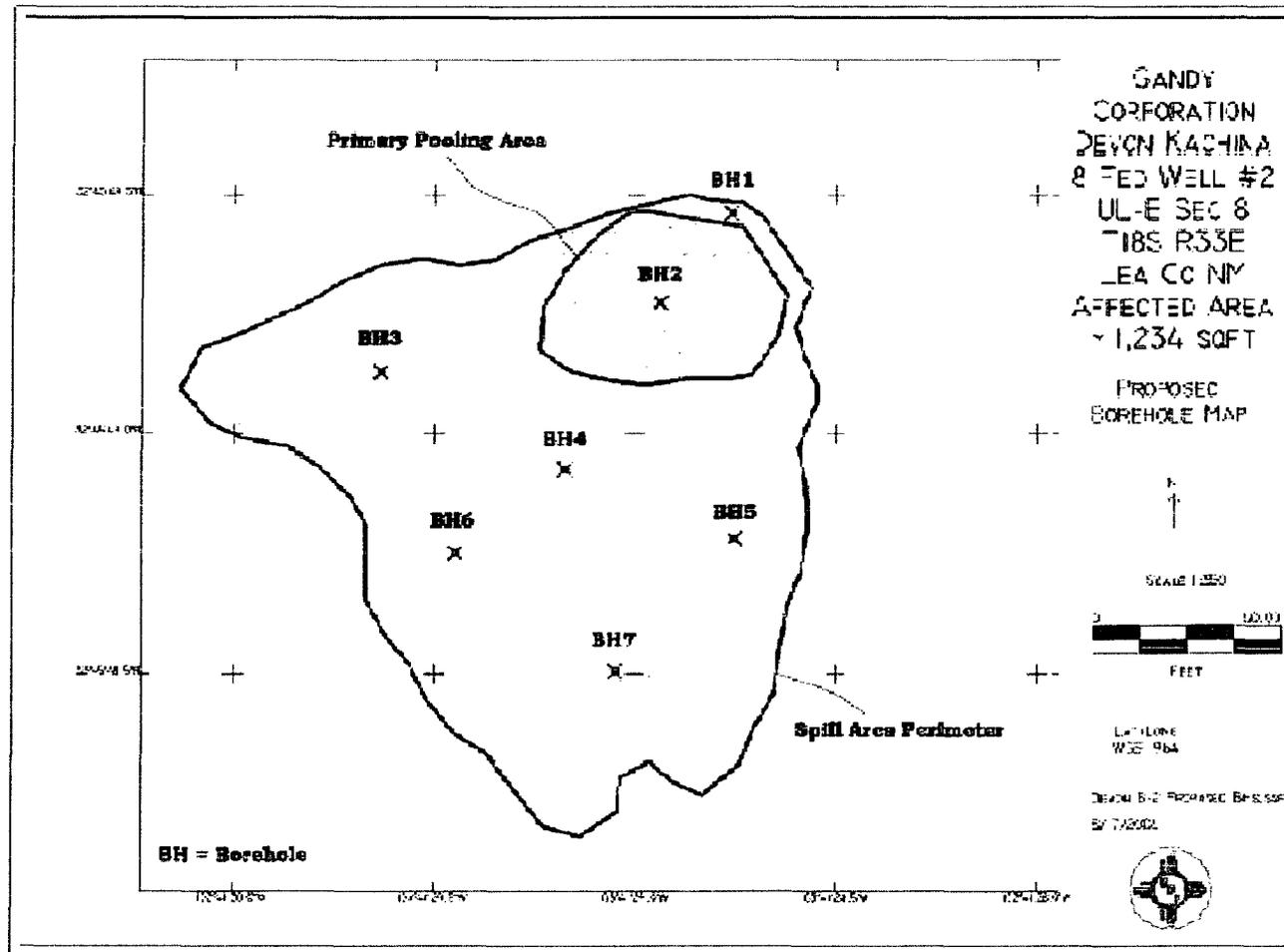
ASHLEY
CREEK
1980
1980
1980
1980

Dog Lake, NV Scale 1" = 0.46869 754M 2,874R. 1 PG = 2.125' 1 cm = 2.57M:

SCALE 1:24,000



Insp.
User



**New Mexico Office of the State Engineer
Well Reports and Downloads**

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic
 All

Well / Surface Data Report Avg Depth to Water Report

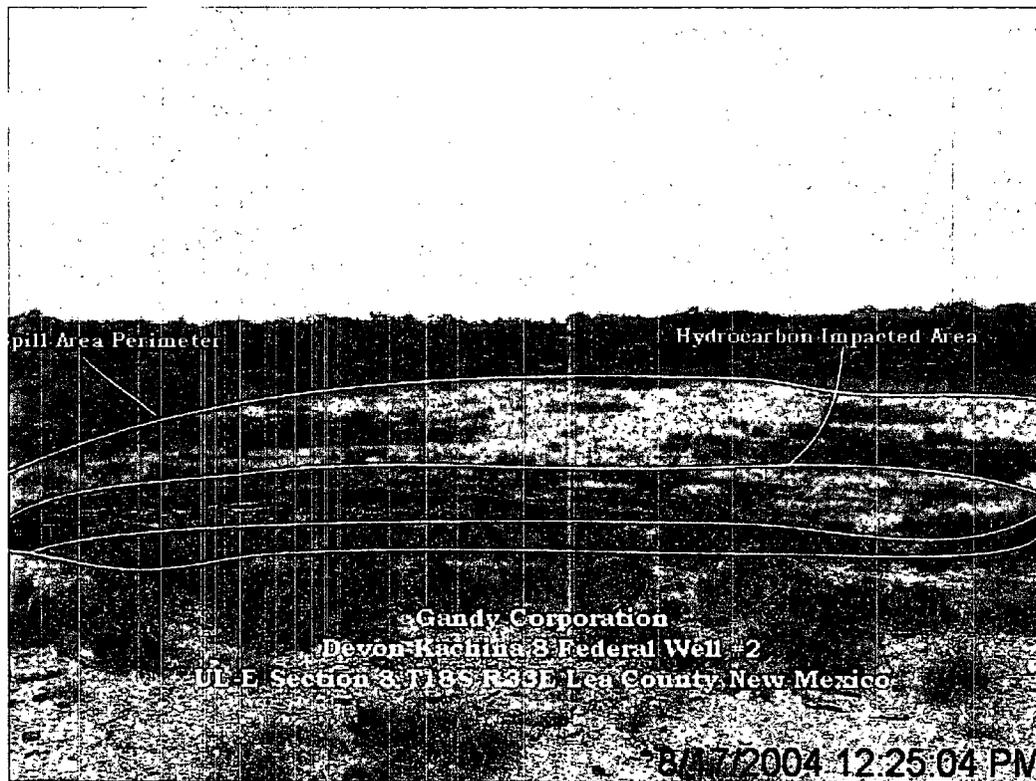
Water Column Report

Clear Form WATERS Menu Help

AVERAGE DEPTH OF WATER REPORT 08/17/2004

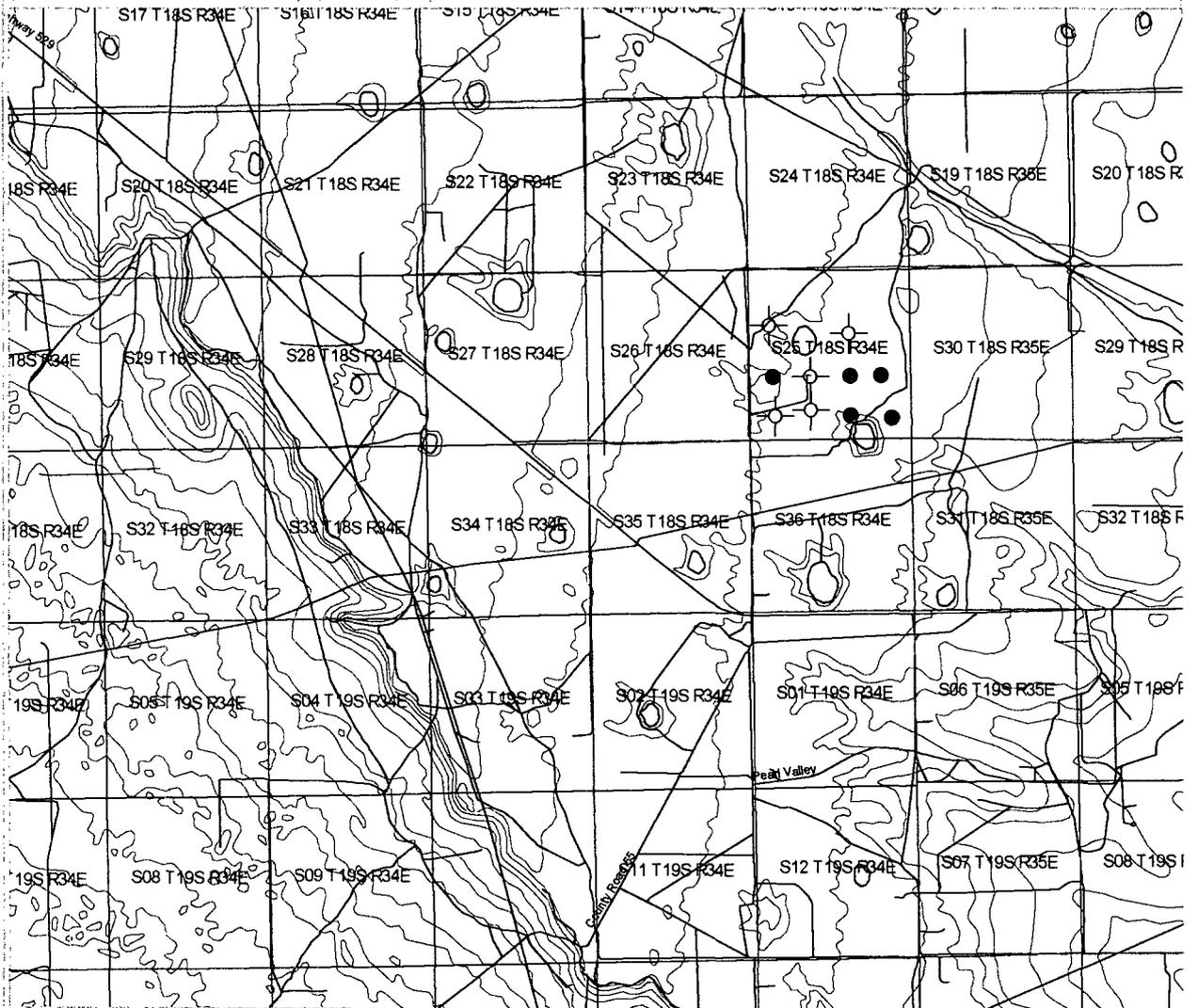
Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
CP	18S	33E	24				1	195	195	195
L	18S	33E	08				1	100	100	100
L	10S	33E	12				2	130	150	140
L	18S	33E	30				2	35	35	35

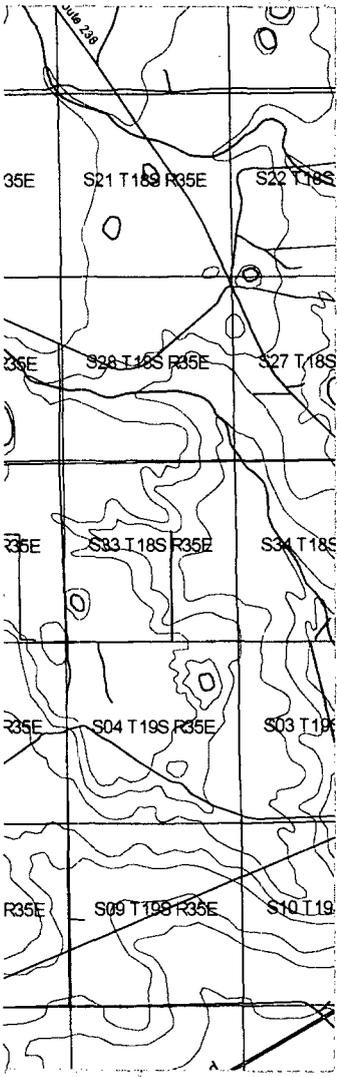
Record Count: 6





RBDMS GIS/GPS Utility





Layer Controls

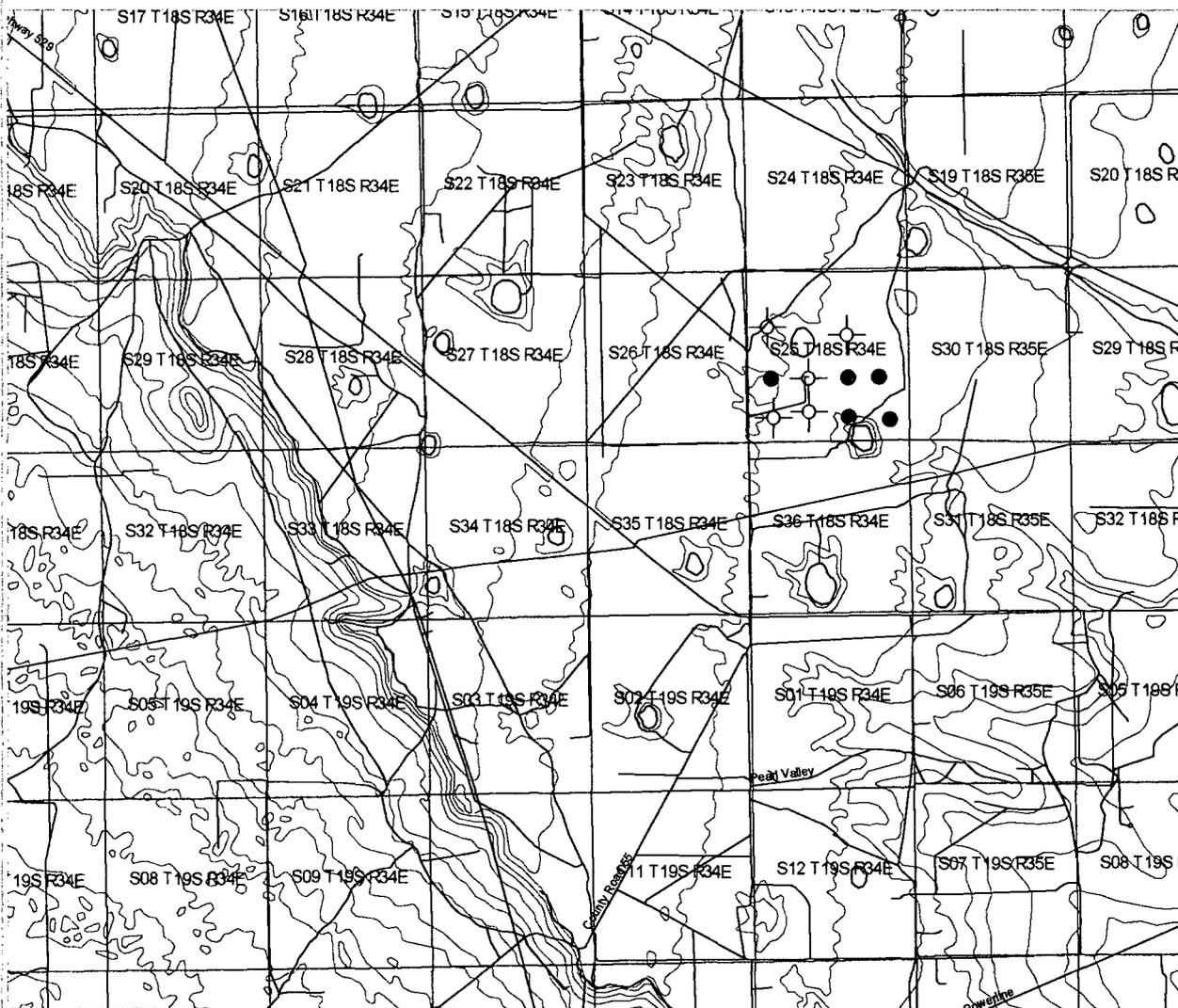
<input checked="" type="checkbox"/>	Planimetric
<input checked="" type="checkbox"/>	Raster
<input checked="" type="checkbox"/>	Sections
<input checked="" type="checkbox"/>	Oil & Gas
<input checked="" type="checkbox"/>	Other
<input checked="" type="checkbox"/>	GPS

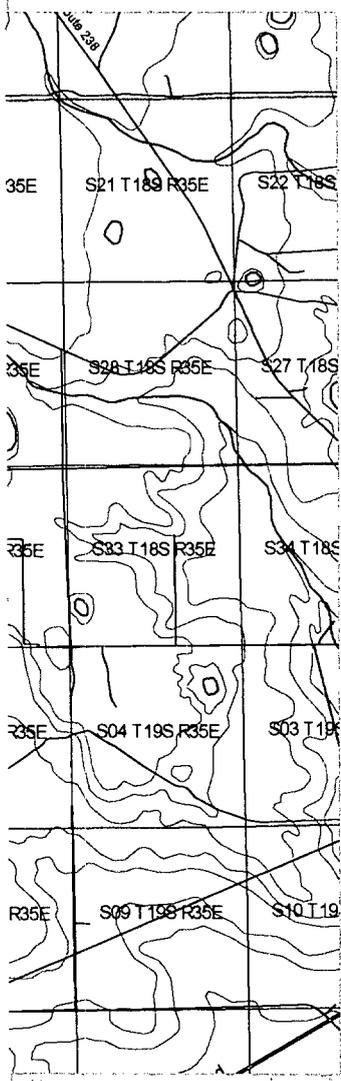
Pool Directory

<input type="checkbox"/>	Tertiary:NW
<input type="checkbox"/>	Cretaceous:NW
<input type="checkbox"/>	Jurassic:NW
<input type="checkbox"/>	Triassic:NW
<input type="checkbox"/>	Permian:NW
<input type="checkbox"/>	Pennsylvanian:NW
<input type="checkbox"/>	Mississippian:NW
<input type="checkbox"/>	Lower Palezoic:NW
<input type="checkbox"/>	PreCambrian:NW
<input type="checkbox"/>	Permian:SE
<input type="checkbox"/>	Permo Penn:SE
<input type="checkbox"/>	Pennsylvanian:SE
<input type="checkbox"/>	Mississippian:SE
<input type="checkbox"/>	Devonian:SE
<input type="checkbox"/>	Silurian:SE
<input type="checkbox"/>	Ordovician:SE
<input type="checkbox"/>	PreCambrian:SE



RBDMS GIS/GPS Utility





Layer Controls

- Planimetric
- Raster
- Sections
- Oil & Gas
- Other
- GPS

Refresh Map

Clear

Pool Directory

- Tertiary:NW
- Cretaceous:NW
- Jurassic:NW
- Triassic:NW
- Permian:NW
- Pennsylvanian:NW
- Mississippian:NW
- Lower Palezoic:NW
- PreCambrian:NW
- Permian:SE
- Permo Penn:SE
- Pennsylvanian:SE
- Mississippian:SE
- Devonian:SE
- Silurian:SE
- Ordovician:SE
- PreCambrian:SE