BTA OIL PRODUCERS

9004 JV-P FRENCH #003 SWD INJECTION FACILITY

API 30-025-31206

SITE INVESTIGATION PLAN

NMOCD RP #24 80

UL-H (SE¼ OF THE NE¼) OF SECTION 24 T18S R32E LATITUDE: N32° 44.087' LONGITUDE: 103° 42.775' ~8.9 MILES SE (BEARING 160°) OF MALJAMAR LEA COUNTY, NEW MEXICO

April 13, 2007

HH PROJECT REF: BTA-FRENCH-003

PREPARED FOR BTA OIL PRODUCERS BY:



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1.0 Project Summary

Release Site Name:9004 JV-P French #003 SWD Injection (API: 30-025-31206)Operating Company:BTA Oil ProducersCompany Representative:Royce Boyce, Operations ManagerAddress: 104 S. Pecos, Midland, TX 79701-9988Email: RBoyce@BTAOil.comRemediation Company:Hungry Horse, LLCPhone: 505-393-3386

SITE SPECIFIC DATA:

Legal Description:Lea County, New MexicoUL-H Section 24 T18S R32EGeneral Location:8.9 miles southeast (bearing 160°) of Maljamar, NM.Latitude: N32° 44.087' Longitude: W103° 42.775'Elevation: 3,810-ft amslLand Ownership:Dept. of Interior/Bureau of Land ManagementGround Water Elevation:80' – 100' bgs (based on Chevron/Texaco contour map)Water Wells within 1000-ft:none

RELEASE SPECIFIC DATA:

Date and Time of Release(s): 7/12/05

Material Released: Produced Water with Crude Oil component

Volume Released: ~300-bbl Volume Recovered: 0-bbl

Cause of Release: Loss of pump integrity on 7/12/05; historical releases caused by tank overflow line installed to discharge outside of battery into pasture area.

Release Affected Area: 63' X 156' (9800- ft^2) within battery; 18,250- ft^2 pasture area south and west of battery

Depth of Contamination: current data >12' bgs; further delineation needed

<u>NMOCD Site Ranking</u>: 10 (ground water 50' – 100' below lowest contamination)

PROPOSED DELINEATION:

This Site Delineation Plan is submitted pursuant to ongoing NMOCD enforcement regarding the July 12, 2005 release event and the engineered tank overflow discharge into the surrounding pasture area at the BTA French #003 SWD facility. A copy of the April 06, 2006 NOV issued by NMOCD is contained in the Attachments of this document.

Hungry Horse, LLC proposes to delineate the vertical extent of Total Chloride soil contamination by drilling and sampling 12 boreholes (*Plate 5, Attachments*). Two boreholes will be within the battery containment area and ten boreholes will be in the contaminated pasture areas south and west of the battery. Data obtained down to the 12-ft bgs level by Larson & Associates during their Sept-05 delineation efforts will be incorporated into the analytical results of this proposed, more extensive delineation. All boreholes will be extended to achieve chloride concentrations below 250-ppm. The borehole displaying the deepest penetration of chloride contamination will be extended to ground water elevation. A sample of ground water will be obtained for laboratory analysis and the actual depth to ground water will be measured. Horizontal contaminant extent will be determined by excavation and field analysis during the remediation phase of this project.

2.0 Detailed Site Description

2.1 Geological Description

The United States Geological Survey (USGS) Ground-Water Report 6, "Geology and Ground-Water Conditions in Southern Lea County, New Mexico," A. Nicholson and A. Clebsch, 1961, describes the near surface geology of southern Lea County as "an intergrade of the Quaternary Alluvium (QA) sediments, i.e., fine to medium sand, with the mostly eroded Cenozoic Ogallala (CO) formation. Typically, the QA and CO formations in the area are capped by a thick interbed of caliche and generally overlain by sandy soil." The release site is located in the Querecho Plains physiographic subdivision, described by Nicholson & Clebsch as an area "covered almost entirely by dune sand which is stable or semi-stable over most of the area, but which locally drifts. The surface is very irregular and has no drainage features except at the edges of several playas. The sand is generally underlain by Recent alluvium but in several places the sand forms topographic highs where it is underlain by a caliche surface. The thickness of the sand cover ranges from a few inches to a probable maximum of 20 feet."

2.2 Ecological Description

The area is typical of the Upper Chihuahuan Desert Biome consisting primarily of hummocky sand hills covered with Harvard Shin Oak (*Querqus harvardi*) interspersed with Honey Mesquite (*Prosopis glandulosa*) along with typical desert grasses, flowering annuals and flowering perennials. Mammals represented, include Orrd's and Merriam's Kangaroo Rat, Deer Mouse, White Throated Wood Rat, Cottontail Rabbit, Black Tailed Jackrabbit, Mule Deer, Bobcat, Red Fox and Coyote. Reptiles, Amphibians, and Birds are numerous and typical of area. A survey of Listed, Threatened, or Endangered species was not conducted.

2.3 Area Ground Water

Based on the most current available evidence, depth to ground water is projected to be 80-100 feet below ground surface (bgs).

2.4 Area Water Wells

There are no recorded or observed water wells within 1000 horizontal feet of the site.

2.5 Area Surface Water Features

No permanent surface water bodies exist within 1000 horizontal feet of the site.

3.0 Contaminant and Size of Area

The primary Contaminants of Concern (COCs) are total chlorides and petroleum hydrocarbons (within the battery containment area). The contained area within the battery facility is 156' X 63'. All of this area, excepting the footprints of the tanks was contaminated by the release. The contaminated pasture area is on the south and west of the contained battery area. Approximately 12,500-ft² on the south side was affected. Approximately 5,750-ft² on the west side was affected (*see Plate 5, Attachments*).

4.0 NMOCD Site Ranking

Contaminant delineation and site evaluation work done at this site indicate that the chemical parameters of the soil and the physical parameters of the ground water were characterized consistent with the characterization and remediation/abatement goals and objectives set forth in the following New Mexico Oil Conservation Division (NMOCD) publications:

- Solution of Leaks, Spills and Releases (August 13, 1993)
- > Unlined Surface Impoundment Closure Guidelines (February 1993)

Acceptable thresholds for contaminants/constituents of concern (CoCs), i.e., TPH^{8015m}, Benzene, and the mass sum of Benzene, Toluene, Ethyl Benzene, and total Xylenes (BTEX⁸²⁶⁰), was determined based on the NMOCD Ranking Criteria as follows:

- Depth to Ground water, i.e., distance from the lower most acceptable concentration to the ground water.
- Wellhead Protection Area, i.e., distance from fresh water supply wells.
- Distance to Surface Water Body, i.e., horizontal distance to all down gradient surface water bodies.

Based on the proximity of the site to area water wells, surface water bodies, and depth to ground water from the lower most contamination, the NMOCD ranking score for the site is 10 points with the soil remedial goals highlighted in the Site Ranking Table.

1. GRO	UND WATER	3. DISTANCE TO SURFACE WATER				
	GW <50 FEET: POINTS	IF <1000' FROM WATER SOURCE, OR; <200' FROM PRIVATE DOMESTIC	<200 HORIZONTAL FEET: 20 POINTS			
	N 50 TO 99 FEET: POINTS	WATER SOURCE: 20 POINTS	200-1000 HORIZONTAL FEET: 10 POINTS			
	GW >100 FEET: POINTS	>1000 HORIZONTAL FEET: 0 POINTS SURFACE WATER SCORE= 0				
GROUND WA	TER SCORE = 10					
		SITE RANK (1+2+3) = 10 + 0 + 0 = 10 POINTS				
	TOTAL SITE RANK	NG SCORE AND ACCEPTABLE REMEDIAL GOAL	CONCENTRATIONS			
		10				
BENZENE	tî sere	10 ррм	huce, U f			
BTEX		5 β ррм				
TPH	100 peni	10р0 ррм	5000 PPM			

SITE RANKING TABLE

5.0 Proposed Soil and Ground Water Investigation

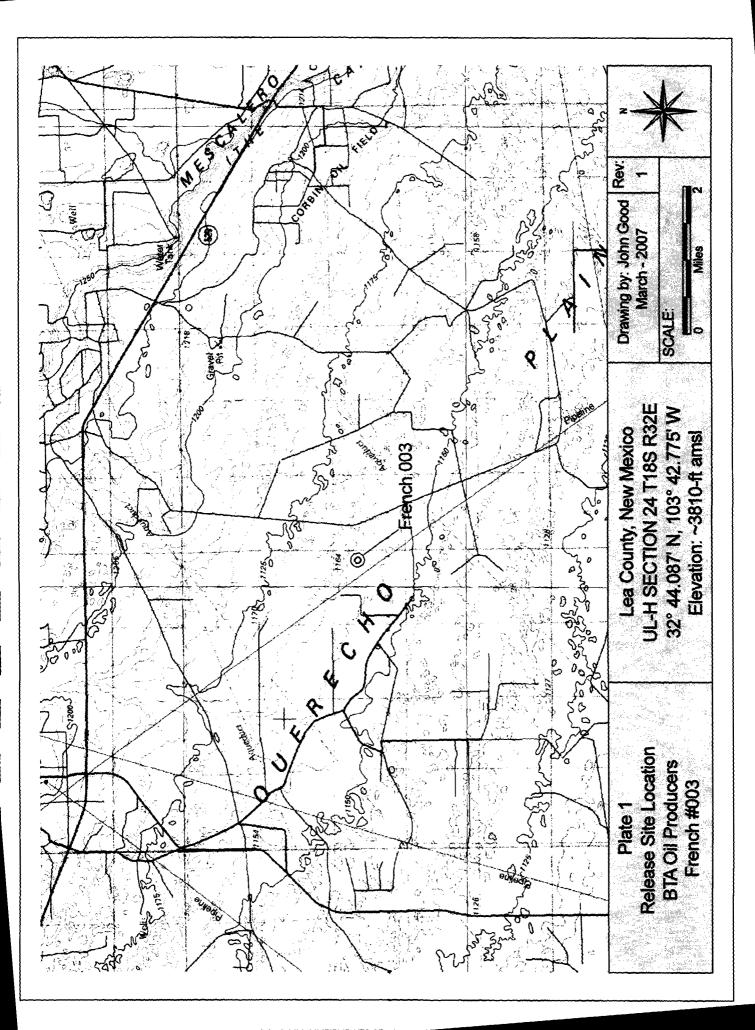
The investigation of the vertical contamination profile (hydrocarbons and total chlorides) of the release affected areas will be as follows:

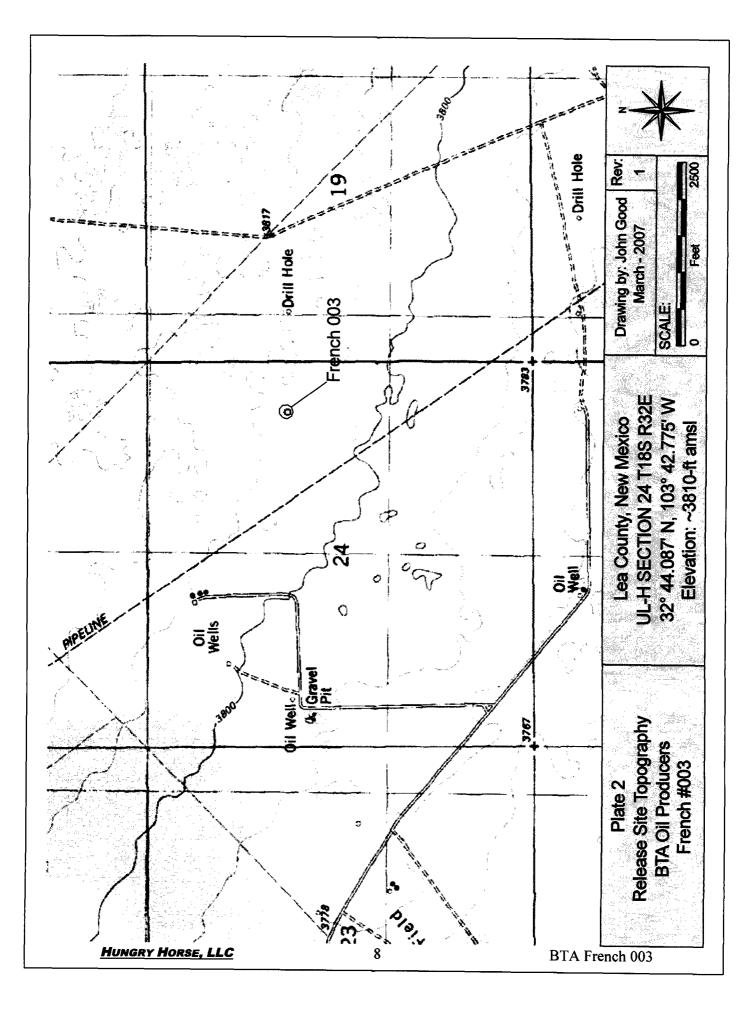
- 1. Drill 2 soil borings within the battery proper, and 10 soil borings in the contaminated pasture area (see Plate 5, Attachments). Boreholes #4, #5, #6, #7, #8 and #9 will be sampled at 12-ft bgs and every 5-ft thereafter. Boreholes # 1, #2, #3, #11 and #12 will be sample at the surface, and every 5-ft thereafter.
- 2. Conduct split spoon sampling every 5-ft.
- 3. Use field analytical techniques for chloride (HACH Field Test Kit) and evaluate the chloride concentration in each split spoon sample.
- 4. Evaluate the lithology of the samples.
- 5. Cease drilling/sampling when contaminant concentrations are less the remedial action levels for this release site; 250-ppm Total Chlorides; 1000-ppm TPH^{8015M}.
- 6. Collect representative samples for laboratory analysis.
- 7. The borehole displaying the deepest level of chloride contamination will be extended to ground water depth. A ground water sample will be obtained and analyzed for chloride contamination. If the chloride analytical results confirm ground water impact, the NMOCD Environmental Bureau will be immediately notified and a Stage 1 Ground Water Investigation Plan will be prepared and submitted.

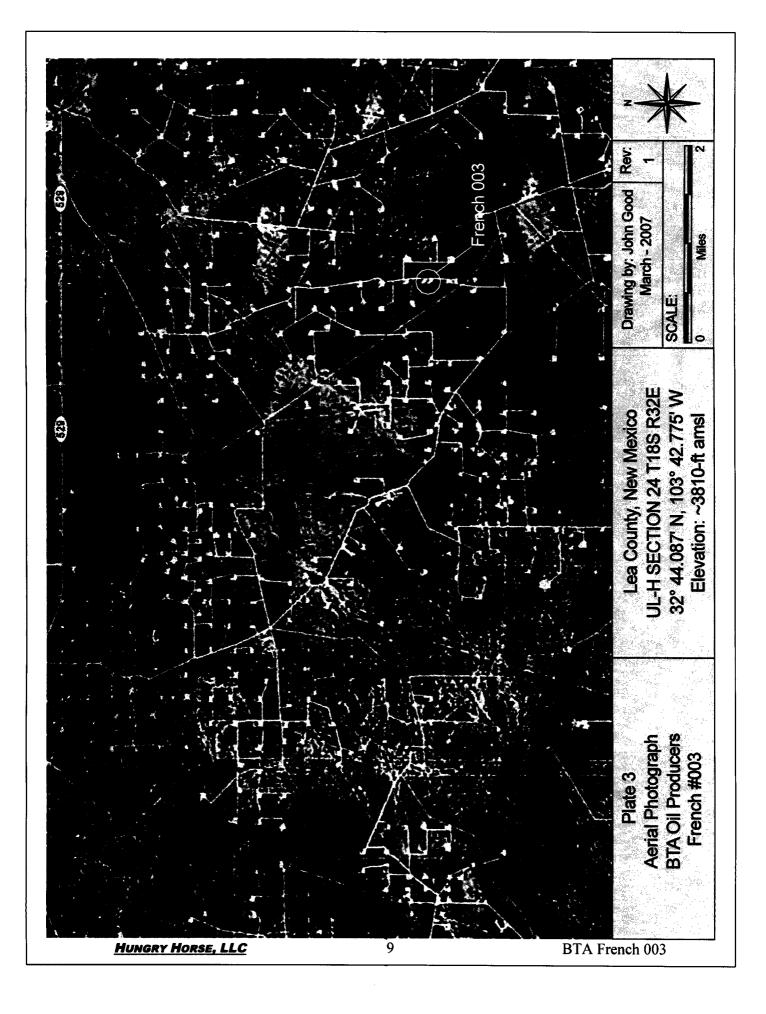
Results of this delineation process will be utilized to prepare a C141 Remediation Work Plan to be submitted to NMOCD for approval prior to commencement of remediation activities at the site.

ATTACHMENTS

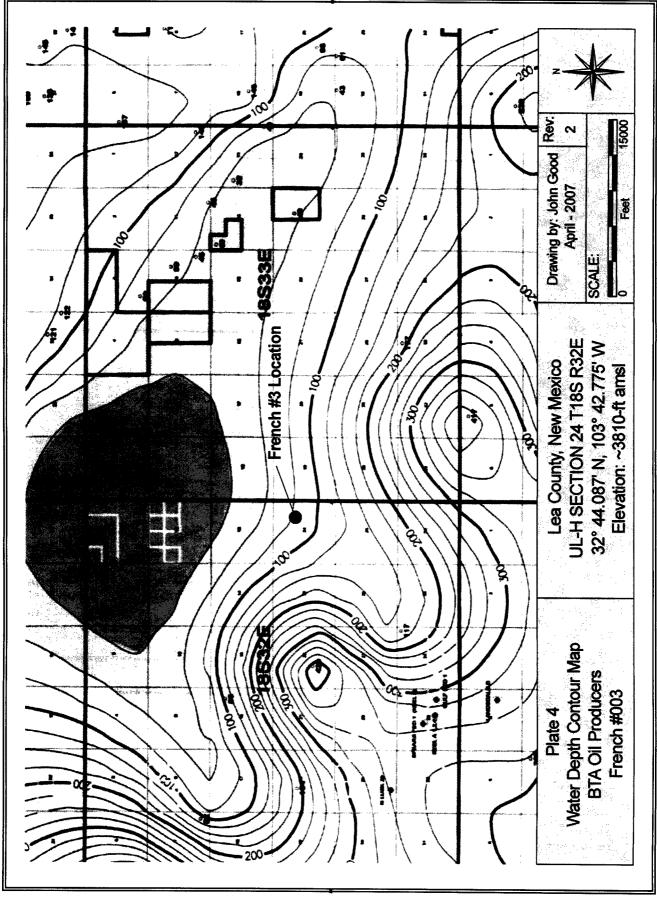
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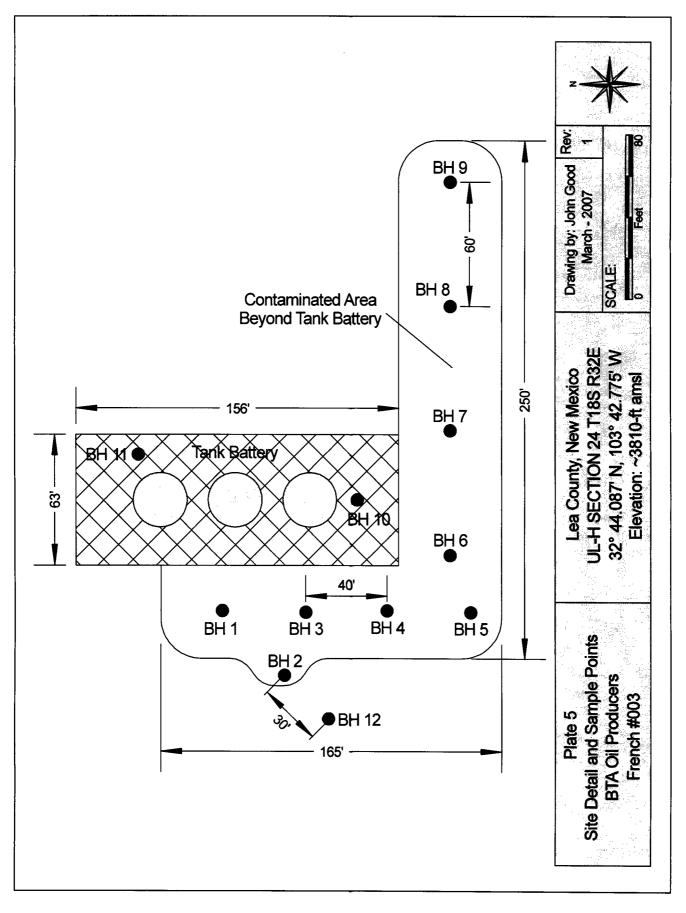


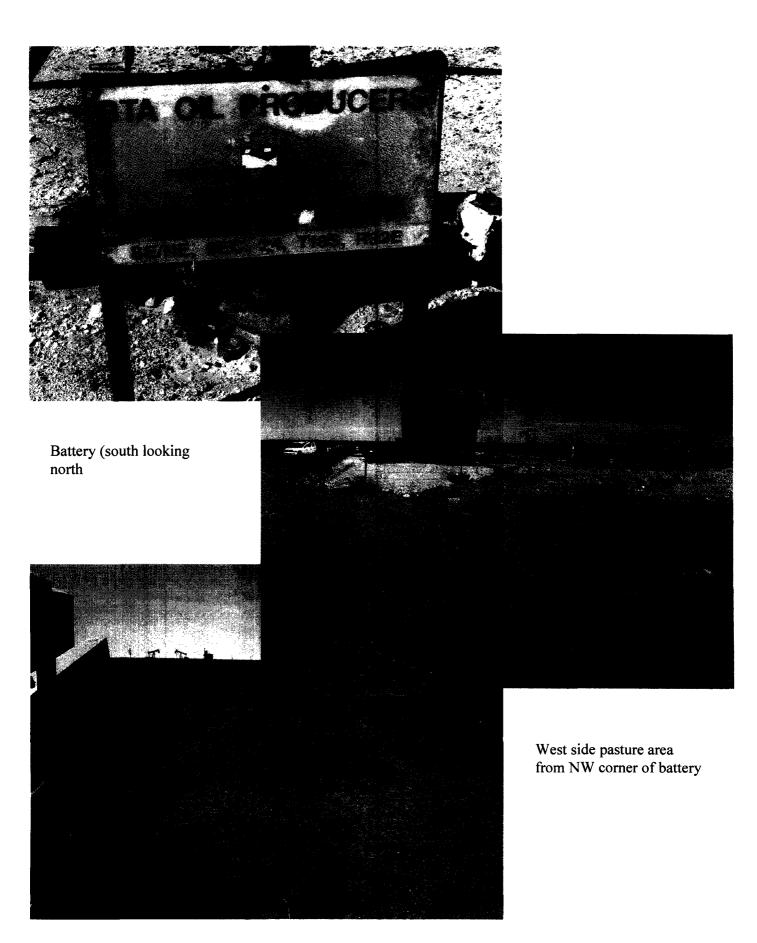


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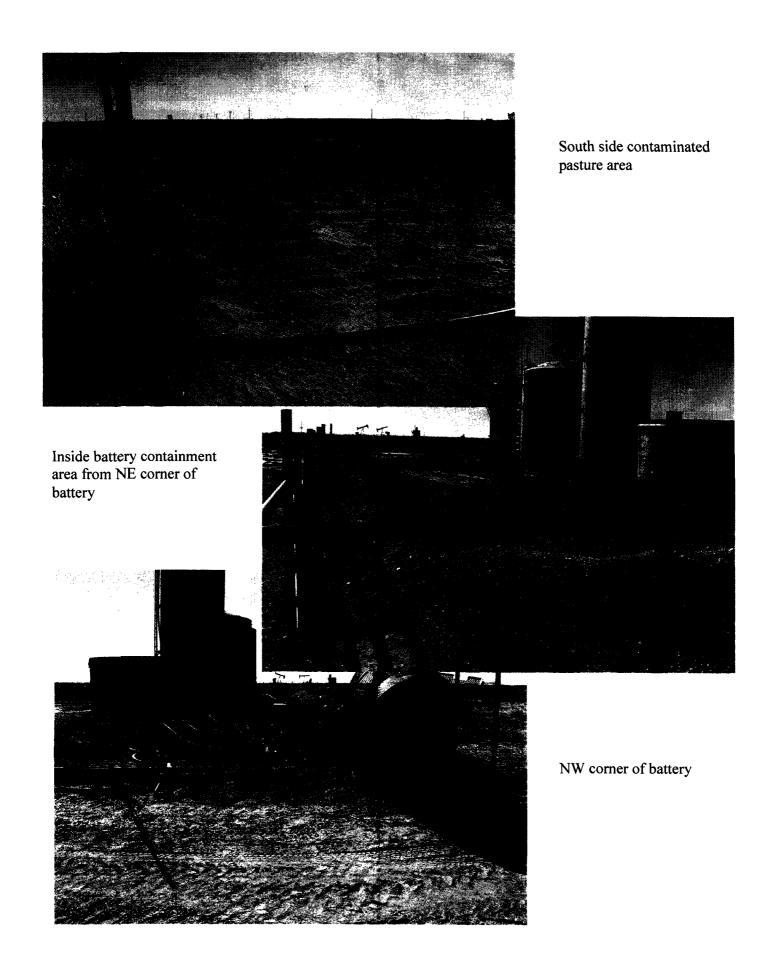


BTA French 003





BTA French 003



BTA French 003

District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

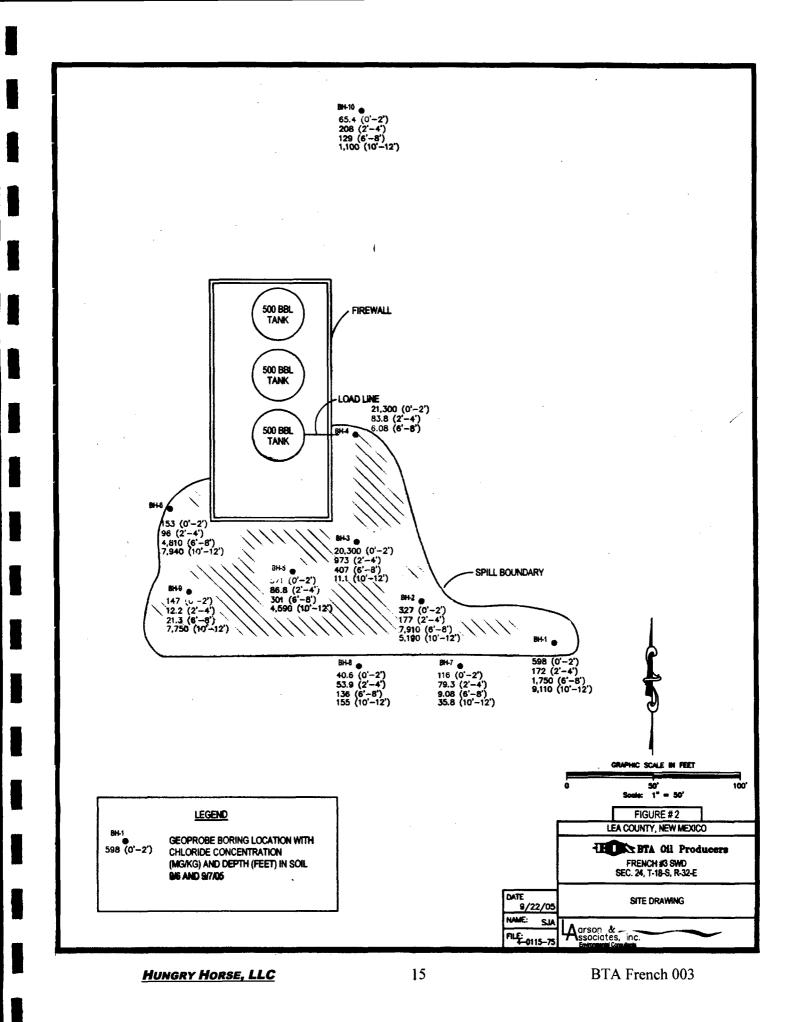
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Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-141 Revised October 10, 2003 mit 2 Copies to appropriate

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

			Rele	ease Notific	ation	and Co	rrective A	ction				
				OPERAT	TOR	🛛 Initia	l Report		Final Report			
Name of Co	mpany E		Contact Pam Inskeep									
Address	1		lo. (432) 682-3	3753								
Facility Nat	ne 9	004 JV-P Fi	rench #3	(Injection)	1	Facility Typ	e Tank Batte	ту				
Surface Ow	ner Cav	iness - Graz	ing Less	ee Mineral ()wner	· · · · · · · · · · · · · · · · · · ·			Lease N	o, NMN	M0781	48
	LOCATION OF RELEASE											
Unit Letter	Section	Township	Range	Feet from the	North/	South Line	Feet from the	East/V	ost Line	County		
н	24	185	32E	1980	<u> </u>	<u>N</u>	510		E	Lea	······································	
			La	titude		_Longitud	ie					
				NAJ	URE	OF REL	EASE					
Type of Rele	Statement of the local division of the local	Spill					Release 200-300			lecovered		
Source of Re	lease	Valve				Date and F 7/12/2005	iour of Occurrenc a.m.	æ	Date and 1 7/12/2005	Hour of Dis	ICOVERY	
Was Immedi BL	ate Notice		Yes 🛛	No 🗌 Not R	equized	If YES, To Tricia Bad	Whom? Bear and Steve ?	from the	BLM wer	e onsite		
By Whom?						Date and F	lour					
Was a Water				X \.			shume Impacting	the Wate	arcourse.			
			Yes 🛛	_								
If a Waterco	urse was In	spacted, Desci	ribe Fully.	*								
Deceribe Ca	use of Proh	lem and Reme	dial Actic	Taken *		•						
The valve fo	r the load li	ine off the tan	ks was ope	ened by livestock.			water with oil on					
truck will re	move all po	ssible liquid.	The affect	ted area will then	be excav	ated; soil ha	uled off, and then	remedia	ited. Close	st residence	; is 10 n	niles away.
Describe Ar	es Affected	and Cleanup	Action Ta	ken.*					····			
The valve is	located out	side the dike.	The spill d soil will	flowed out into the libe hauled off. R	ho pasturi	t. A vacuum ion will follor	truck was hired t	o remov	e all possib	de liquid.	The affe	cted area will
Inen oc exca			20 3011 WI		Concutati		₩.					
Thursday and	if the state	information a	iven abov	a is true and com	niete to fi	he heat of m	knowledge and u		ad that men		10000-	100.004
regulations	ul operatori	are required	to report a	nd/or file certain	release n	otifications a	nd perform corre	ctive act	ions for rel	cases which	h may e	uics and ndanger
public health	or the env	ironment. Th	e acceptan	ce of a C-141 rep	ort by the	e NMOCD n	arked as "Final R	leport" d	ices not rel	ieve the ope	erator of	f liability
should their	operations	have failed to	adequatel	y investigate and c_141	remediat	e contaminat	ion that pose a third the operator of	reat to g	round wate	r, surface w	rater, hu	man health
federal, state	e, onlocal la	ws and/or reg	rulations.	pundos ot a C-141	i iepuir u	Neo Int Ichic	e die operator or	respuns	iouny for c	ormphiance	with any	y other
	$\overline{1}$						OIL CON	SERV	ATION	DIVISI	ON	
Signature:	tom	. Shs	Keep	/								
Printed Name: Pam Inskeep Approved by District Supervisor.												
		atory Adminis				A paper of The	*a:	- 1				
Title:	Kegui	AND Y ADDIDE	SURIOT			Approval Date:			Expiration Date:			
E-mail Add	ress: pinsk	ccp@btaoil.co	x71			Conditions of	f Approval:			Attache	۵ ۵	
Date: 07/1	Date: 07/12/2005 Phone: (432) 682-3753											

'Attach Additional Sheets If Necessary





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secremary Mark E. Fesmire, P.E. Director Oil Conservation Division

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06-Apr-06

BTA OIL PRODUCERS

104 S PECOS MIDLAND TX 79701

NOTICE OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

•			INSPECTIO	N DETAII	L SECTION		
FRENCH 9004 JV-P No.003 Inspection Date Type Inspection		Texpector	Violation?	H-24-18S-32E *Significant Non-Compliance?	30-025-31206-00- Corrective Action Due By:	-00 Iяspection No.	
04/06/2006	Initial Inciden	t Inspection	Larry Johnson	Yes	Yes	4/24/2006	iLWJ0609633010
		line that is route land. This is a k overflow. It is e loadline 7-22-03 cleanup plan. The requested a full approval. No pla	ed to discharge outside nowing and willful pr vident that overflows 5 and advised BFA. A he plan was not appro- vertical/horizontal de	c of the berm otential discha- have occurre a spill report a oved as it did- lineation to b itted to date,	the 2nd tank from the into low obscure area arge of produced water d. BLM discovered a li- was submitted to OCD not provide an adequal c performed before res prompting an inspectio	west into sandy pasture in case of tank eak on an east side and followed by a c delineation. OCD ubmitting plan for	

Oil Conservation Division * 1625 N. French Drive * Hobbs, New Mexico 88240 Phone: 505-393-6161 * Fax: 505-393-0720 * http://www.emmrd.state.nm.as

HUNGRY HORSE, LLC

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely, 22

Hobbs OCD District Office

Nose: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. *Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

> Oil Conservation Division * 1625 N. French Drive * Hobbs, New Mexico &8240 Phone: 505-393-6161 * Fax: 505-393-0720 * http://www.cnard.state.nm.us

		Incident Date: 7/12/05 NM	OCD Notified: 7/12/05
	004 JV-P French #3 (Injection)	Assigned Site Referen	
Company:	BTA Oil Pro	• • • • • • • • • • • • • • • • • • • •	
Street Addres			lo.: NMNM078148
Mailing Addre			
City, State, Zip		(79701-9988	
Representativ			y Administrator
Representativ	re Telephone: 432-682-37	/53	
Telephone:			
Fluid Volume		Volume Recovered (bbl):	0 Net Release: ~ 250
	-	verbally within 24 hours and submit C-141 w	-
		5 days. (Also applies to unauthorized releas	
	Pit (LSP) Name:	9004 JV-P French #3 (I	njection)
Source of Cor		Valve	
	i.e. BLM, ST, Fee, Other:	State of NM	
LSP Dimensic	ons:		; 250' X 50' & 115' X 50' outside bat
LSP Area		~ 26000 -ft ²	
	eference Point (RP):		
	nce and direction from RP:		
Latitude: North		32* 44.087'	
Longitude: We		103* 42.775'	
	ve mean sea level (amsl):	<u>3810 feet 1161 me</u>	ters
	North Section Line (feet):	1980	
	East Section Line (feet):	510	
	it Letter and 1/4 1/4:		E - 1/4
Location - Sec		24	
Location - Tov		18S	
Location - Rar		32E	
	body within 1000' radius of site:	0	
	body within 1000' radius of site:	0	
	er wells within 1000' radius of site		
	er wells within 1000' radius of site	······	
Agricultural wa	ater wells within 1000' radius of s	ite: 0	
	ater wells within 1000' radius of s		
	supply wells within 1000' radius o		
	supply wells within 1000' radius o		
	rom land surface to Ground Wate		
	f lowest contamination (DC):	20	
Depth (feet) to	o Ground Water (DG - DC = DtG	W): ~ 60	
	1. Ground Water	2. Wellhead Protection Area	3. Distance to Surface Wate
If Depth to GV	N <50-feet: 20 points	If <1000' from water source, or, <20 from private domestic water source	
If Depth to GV	N 50 to 100-feet: 10 points	20 points If >1000' from water source, or, >20	
•	N >100-feet: 0 points	from private domestic water source points	^{2: 0} >1000 horizontal feet: 0 points
Ground Water		Wellhead Protection Score:	0 Surface Water Score: 0
Site Penking	(1 + 2 + 3): 10		
Sile Kanking	Total Site Rank	ing Score and Acceptable Concer	ntrations
Site Kanking		10	0
	20 or >	10	V
Parameter			
Parameter Benzene ¹ BTEX ¹	20 or > 10-ppm 50-ppm	10-ppm 50-ppm	10-ppm 50-ppm

District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 Distric III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Form C-141 Revised June 10, 2003

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

BT

Revised

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form.

	OP	Re PERATOR	lease Notifica	ation a	and Co	orrective Ac		Initial	Report) Final	Report
Name of Compa	Name of Company BTA Oil Producers			Contact Pam Inskeep			Regulatory Administrator			
Address	104 South P		Midland, TX 79701-9988			one No.	432-682			
Facility Name	Facility Name 9004 JV-P French #3 (Injection)				Facility	Type INJ	Tank B	attery		
Surface Owner	BLM		Minera	l Owner	r	BLM		API No.	.: 30-025-	31206
			LOCAT	FION	OF RE	LEASE				
Unit Letter	Section	Township	Range	Feet	from	Feet from	Longi	tude-W	Latitude-N	County
н	24	18S	32E		h Line 980	East Line 510	103* 42.775		32* 44.087'	Lea
<u></u>			NATU	RE O	FREL	EASE				
Type of Release	9				Volume	e of Release		Volume	Recovered	
1 **	er w/ Crude coi	mponent			-	~ 250	bbl		0	bbi
Source of Relea	ise				Date an	d Hour of Occ	urrence	Date and	d Hour of Disco	very
Load line; tanl	k overflow					7/12/05 AM			7/12/05 A	Μ
Was Immediate			was onsite)		If YES,	To Whom?				
	C YES		Not Required				r and Ste	ve ?? from	m BLM were or	site
By Whom?					Date an				-1000	
Was a Watercon	urse Reached?	🗆 YES			IF YES, NA	Volume Impa	cting the	Watercon	1021222324	25.
7/12/05 release Historical release Describe Area A 9800 sq-ft with LLC, Hobbs, N	of Problem and due to faulty lo ases due to PW Affected and Cle nin battery cont	bad line. 200-30 Tank overflow canup Action Ta ainment; ~18,2 to delineate and	0 bbls of salt w piped to discha ken. * 50 sq-ft pasture I remediate are	arge beg e area a eas affeo	yond ba ffected s	ttery area into south and wes his release.	within an adjacer t of batte	ery conta	d battery conta eland. 8299727 inment area. F	Iungry Horse,
required to report a 141 report by the contamination that of responsibility for	t the information giv nd/or file certain relevant NMOCD marked a pose a threat to group r compliance with a	ease notifications an s "Final Report" do and water, surface w	d perform corrective bes not relieve the rater, human health o	e actions operator or the env	for release of liability ironment.	s which may endan should their oper In addition, NMO	nger public trations hav CD accepta	health or the failed to nce of a C-	e environment. The adequately invest	e acceptance of a C igate and remediate
Signature: John Good					ENVIRENGE					
Approved by District Supervisor & Subussi							<u>a</u>			
Title:	Env. Ma	nager - Hung	gry Horse LI	LC		val Date: 4 ·2		Expirat	ion Date: 7.2	0-07
E-Mail Address	S:	jcgood4614	4@aol.com		Condit	ions of Approv	al:			
Date:	4/13/2007	5						Attached		

HUNGRY HORSE, LLC

BTA French 003 $RR^{\pm} - 24$