AP - 095

STAGE 1 WORKPLAN

9/25/2008

AP095



September 25, 2008

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

Re: Remediation Plan for the St, Mary Land & Exploration Company, Hopi Federal #2 Reserve Pit at the St. Mary Land & Exploration Co, Located in Section 1, Township 25 South, Range 28 East, Eddy County, New Mexico.

Dear Mr. Gonten:

Tetra Tech (formerly Highlander Environmental Corp.) was contacted by St. Mary Land & Exploration Company (St. Mary) to assess and close a reserve pit at the Hopi Federal #2 well site, located in Section 1, Township 25 South, Range 28 East, Eddy County, New Mexico (Site). The site location coordinates are 32° 09' 51.54" N, 104° 02' 40.93" W. This report details the activities performed at the Site. The Site is shown on Figure 1 and 2.

Background

At the time, St. Mary Land & Exploration Co recently acquired the property from Nance Petroleum Corporation, the Hopi Federal #2 reserve pit was not properly closed. In order to close the reserve pit, a C-144 was submitted to the NMOCD for approval. According to published data, the depth to groundwater was reportedly less than 50' below surface. Once the C-144 was approved, the pit contents (drilling muds) were excavated and transported to proper disposal. The C-144 is included in Appendix A.

Reserve Pit Sampling

On June 13, 2008, test trenches were installed in the bottom of the reserve pit using a trackhoe. The excavation bottom was at 5.0' to 7.0' below surface. The samples collected were field screened for chlorides and were delivered to Trace Analysis, Inc. for laboratory analyses. The results are shown in Table 1. Referring to Table 1, the chloride impact was not defined below 250 mg/kg in the northwest quarter, southeast quarter, southwest quarter and center of the reserve pit. The northeast quarter showed a field chloride concentration of 150 mg/kg at 25.0' below excavation bottom and the laboratory result showed a chloride concentration of 337 mg/kg. The analytical reports and chain-of-custodies are presented in Appendix B.



Hydrogeology

According to the Geology and Groundwater Resources of Eddy County, New Mexico (Report 3), the Rustler and Castile formation (Ochoa Series) is present west and east of the Pecos River. The Salado formation overlies the Castile formation east of the Pecos River and was removed by solution west of the river. The Rustler and Castile formations consist of anhydrite, gypsum, interbedded sandy clay and beds of dolomite. Groundwater from the Castile and Rustler formations west of the Pecos River is historically high in chloride and sulfate concentrations which increase towards the river.

On June 18, 2008, Tetra Tech personnel supervised the installation of a temporary well (TMW-1) on the south edge of the pad to establish groundwater depth at the Site. The groundwater depth was measured at 39.5' below surface.

Borehole Installation and Results

Two (2) boreholes were installed in the northwest quarter and southwest quarter of the reserve pit to define the extents of the chloride impact. BH-1 and BH-2 were installed to total depths of 31' below pit bottom. The results are shown in Table 1. The chloride concentrations in BH-1 (northwest) declined with depth to 1,004 mg/kg at 30-31' below pit bottom. BH-2 (southwest) also declined with depth to 220 mg/kg at 30-31' below pit bottom.

Monitor well Installation and Sampling

On July 8, 2008, Tetra Tech supervised the installation of three (3) monitor wells (MW-1, MW-2 and MW-3) around the perimeter of the reserve pit to evaluate the groundwater quality. The well locations are shown on Figure 3.

The monitor wells and temporary well were drilled using air rotary drilling techniques and constructed of 2" scheduled 40 PVC flush-threaded casing to a total depth of 52' to 58' below surface. The monitor wells were constructed with 5 feet of screen above and 15 feet below the static groundwater level. The temporary well was constructed of 2" PVC and used 40' feet of factory slotted screen, due to the unknown depth to water. The well completion and boring logs are included in Appendix C.

The well screens were surrounded with a graded silica sand to a depth approximately two feet above the screen and a layer of bentonite pellets, approximately 2 feet thick, was placed in the annulus above the sand. The remainder of the annulus was filled with cement and bentonite grout to about one (1) foot below ground. The wells were secured with locking steel shroud protectors, anchored in a concrete pad measuring approximately three feet by three feet.

Following installation, the wells were developed with an electric submersible pump to remove fine grained sediment disturbed during drilling. Water removed from the wells was placed in a 55-gallon drum onsite.



Prior to purging the wells, each well was gauged to measure the depth to groundwater. The static water levels were measured at MW-1 (39.0'), MW-2 (39.8'), MW-3 (dry) and TMW-1 (39.20'). The water levels are shown in Table 2.

On July 7, 2008 and July 14, 2008, the wells were properly purged and sampled for chlorides by method E 300.0 and Major lons by EPA methods, respectively. A minimum of three casing volumes were purged from each monitor well. The samples were transported to Trace Analysis, Inc., under chain-of-custody control. Table 3 presents a summary of the analyses. The analytical reports and chain-of-custodies are presented in Appendix B.

Groundwater Results

Based on regional gradient, the groundwater flow appears to be southeast towards the river, which is located approximately 1 mile southeast of the Site. Monitor well (MW-3) was dry. Chloride concentrations in all of the wells exceeded New Mexico Water Quality Control Commission standards with results of 708 mg/L (MW-1), 1,820 mg/L (MW-2) and 460 m/L (TMW-1). Wells TMW-1 and MW-1 (up-gradient) may be indicative of background qualities in this area of the county. Based upon the perceived background quality of MW-1, MW-2 did show elevated chloride concentrations. Based on results, a groundwater notification was made to the NMOCD. Stiff diagrams for each well are enclosed in Appendix D.

NMOCD Meeting and Additional Investigation

On August 27, 2008, Tetra Tech and St. Mary personnel met with Mike Bratcher at the NMOCD office in Artesia, New Mexico to discuss the results of sampling. Based upon the site setting and data, it was decided to pump MW-2 for a short period of time to see if chloride concentrations changed over time. Additionally, it was suggested that background soil borings be placed to look at background chloride concentrations away from the reserve pit.

On September 3, 2008, two background soil borings (BG-1 and BG-2) were installed and advanced to depths of 40' each. Samples were collected at 2' intervals and analyzed for chlorides by method SM 4500-Cl B. Table 4 presents a summary of the analyses. The results of the sampling showed background concentrations in both soil, borings as high as 2,040 mg/kg. Copies of the soil boring logs are included in Appendix C.

At the time the background soil borings were being installed, all the monitor wells were gauged and surveyed. MW-3, which previously had been dry was gauged and sampled. The sample results for MW-3 were consistent with upgradient MW-1 and do not show an impact from the reserve pit. Using the current water level measurements, a water table map was constructed and showed the groundwater gradient to be east-southeast. The water table map is shown on Figure 4.

In order to evaluate MW-2 further, a submersible pump was placed into the well. The well yield was marginal and recovery slow. The well yield in a 4 hour period was approximately 25 gallons. The monitor well was sampled three separate times; approximately 1.5 hours between the first two samples and 2.5 hour between the second



and third. The results showed a slight decline in chloride concentrations from 2,020 mg/L to 1,920 mg/L. As is established for background qualities in the vicinity of the Pecos River, sulfate concentrations were elevated for MW-2 and MW-3, with sulfate concentration of approximately 2,100 mg/L in MW-2 and approximately 2,300 mg/L in MW-2.

Conclusions

- 1. Soil borings placed away from the reserve pit showed elevated chloride concentrations as high as 2,040 mg/kg in subsurface soils.
- 2. The depth to groundwater at the Site measured approximately 40.0' below surface. The hydraulic gradient for the aquifer shows a gradient to the east-southeast direction.
- 3. According to the Geology and Groundwater Resources of Eddy County, New Mexico (Report 3), the Rustler and Castile formation (Ochoa Series) crop out west of the Pecos River. The Rustler and Castile formations consist of anhydrite, gypsum, interbedded sandy clay and beds of dolomite. Groundwater from the Castile and Rustler formations west of the Pecos River is historically high in chloride and sulfate concentrations, which increase towards the river.
- 4. MW-3, which previously had been dry, was sampled on September and showed concentrations consistent with upgradient well MW-1 and TMW-1. This well is located on the south central edge of the reserve pit, and does not show impact from the NW or SW corner of the reserve pit. MW-2, east of the reserve pit, appears to have chloride concentrations above background concentrations (700 mg/L) with sample results ranging from 1,800 to 2,000 mg/L, however, limited pumping over a four hour period did show a slight decrease in chloride concentration. The data indicated a limited area of groundwater impact exists in the vicinity of the reserve pit.

Work Plan

Subsurface Soils

Based on the chloride concentrations in the subsurface soils, additional soil will be excavated and transported offsite for proper disposal. The excavation will reduce the loading and chloride residue in subsurface soils, prior to capping the Site. St. Mary proposes to excavate the northwest and southwest portions of the reserve pit from 5.0' up to a depth of approximately 15.0' below excavation bottom. The southeast portion will be excavated to a depth of 2.0' to 3.0' below excavation bottom.

Due to the shallow groundwater encountered, St. Mary proposes to place an impermeable barrier in the bottom of the excavation to encapsulate any residual impacted soil at the bottom of the excavation. The site will then be backfilled with clean fill material and re-contoured to divert surface runoff away from the site.

4



Groundwater

The groundwater gradient direction shows to be east-southeast towards the Pecos River, which is located approximately 1 mile southeast of the Site. To remediate the groundwater impact, St. Mary proposes a low-flow pump system be installed in MW-2, and the wells monitored on a quarterly basis. This additional data will be evaluated to determine if the chloride concentrations are decreasing over time. Once completed, the results of the remediation will be submitted to the NMOCD and the BLM.

If you have any question or comments concerning the assessment or the activities performed at the Site, please call me at (432) 682-4559.



Respectfully submitted, Tetra Tech

Tim Reed, P.G. Sr. Project Manager

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cc: Mike Bratcher – NMOCD, Artesia, NM.

Table 1 St Mary Land & Exploration Hopi Federal #2 (Reserve Pit) Eddy County, New Mexico

Sample 35		Status	Date	Sample Depth	Field Chloride	Laboratory Chloride
ID	Insitu	Removed	Sampled	Below Excavation Bottom	(mg/kg)	(mg/kg)
NORTHEAST	l			I		L
Test Trench	x		6/13/2008	2.0	2,200	<u></u>
	x		6/13/2008 ·	5.0	2,050	
	X		6/13/2008	10.0	1,350	_
	x		6/13/2008	15.0	1,950	
· · ·	x		6/13/2008	20.0	1,300	
	x		6/13/2008	22.0	400	_
	x		6/13/2008	25.0	150	· · 337
ORTHWEST	1	ا - شم و مر ا - را به ا				
Test Trench	x		6/13/2008	. 2.0	5,250	
•	x		6/13/2008	5.0	3,750	-
	X		6/13/2008	10.0	2,750	-
	x		6/13/2008	15.0	3,600	-
	X ·		6/13/2008	20.0	3,300	-
	x	,	6/13/2008	22.0	1,450	1,520
					, <u>, , , , , , , , , , , , , , , ,</u>	
BH-1	x		6/19/2008	10-11	-	4,124
	x		6/19/2008	15-16		6,262
	X		6/19/2008	20-21	*	5,248
	X		6/19/2008	25-26		4,433
			6/19/2008	30-31	-	1,004
SOUTHEAST	· · ·	• • • •				
Test Trench	X		6/13/2008	2.0	12,300	
•	X		6/13/2008	5.0	2,550	-
	X		6/13/2008	7.0	1,850	2,340
****					ROCK	
SOUTHWEST						
Test Trench	X		6/13/2008	2.0	4,250	•
	X		6/13/2008	5.0	8,000	~
	X		6/13/2008	10.0	5,100	
	X		6/13/2008	15.0	4,900	-
	X		6/13/2008	20.0	6,650	
	X		6/13/2008	22.0	3,000	4,310
BH-2	X		6/19/2008	10-11	-	- 11,320
	Х		6/19/2008	15-16	-	10,235
	Х		6/19/2008	20-21	-	904
	x		6/19/2008	25-26	•	1,061
	·		6/19/2008	3()-31	-	220
CENTER	. 1					
Test Trench	X		6/13/2008	2.0	3,750	
	X		6/13/2008	5,0	4,450	-
	x		6/13/2008	10.0	4,950	-
······	x		6/13/2008	15.0	1,400	-
	X		6/13/2008	20.0	1,900	-
	X		6/13/2008	22.0	350	1,380

(-) not analyzed

Table 2

St Mary Exploration & Exploration Company

Groundwater Analytical Results

Hopi Federal #2 Reserve Pit

Eddy County, New Mexico

Monitor Well	Date Sampled	Date Sampled Total Depth (Feet)	Water Level (TOC) (Feet)	Water Level Elevation
I-WM	07/14/08	52	39	2904.48
	09/03/08		39.09	2904.23
MW-2	07/14/08	52	40.91	2898.96
	09/03/08		40.63	2899.24
MW-3	07/14/08	52	DRY	•
	09/03/08		45.04	2894.01
	-			
TMW-1	07/14/08	58	42	2899.01
	09/03/08		41.66	2899.35

(-) Not Analyzed

Table 3

St Mary Exploration & Exploration Company Groundwater Analytical Results

Hopi Federal #2 Reserve Pit

Eddy County, New Mexico

		Dissolved	Dissolved Dissolved	Dissolved	Dissolved	Carbonate	Bicarbonate	Total	C I E. L.		TDC		
Well	Sampled	<u></u>	Calcium Magnesium (mg/L) (mg/L)	Sodium (mg/L)	Potassium (mg/L)	Alkalinity (mg/L)	Alkalinity (mg/L)	Alkalinity (mg/L)	(mg/l)	(mg/L)	(mg/L)	(mg/L)	Hď
MW-1	80/60/20	-	-			¢.			I I	765	I	I	
	07/14/08	- 737	233	145	12.3	<1.0	58	58	1610	708	3040	2800	7.26
MW-2	80/60/20	1	,	1	-	1	,	-	1	2,040		ł	-
	07/14/08	262	345	600	16.8	<1.0	181	181	1940	1820	6340	3400	7.2
	09/03/08	747	333	964	14.7	<1.0	198	198	2150	2020	6320	3240	7.8
	09/03/08	774	327	958	14.4	<1.0	183	183	2140	2010	6560	3280	7.6
	09/03/08	760	317	925	14.5	<1.0	187	187	2120	1920	6360	3200	7.7
MW-3	80/60/20						DRY						
	09/03/08	599	317	268	18.6	<1.0	88	88	2370	529	4520	2800	7.98
TMW-1	80/60/20	,	,	•••••			-	ŧ	ł	477	-	1	•
	07/14/08	692	80.4	132	6.16	<1.0	167	167	1540	460	2940	2060	7.54
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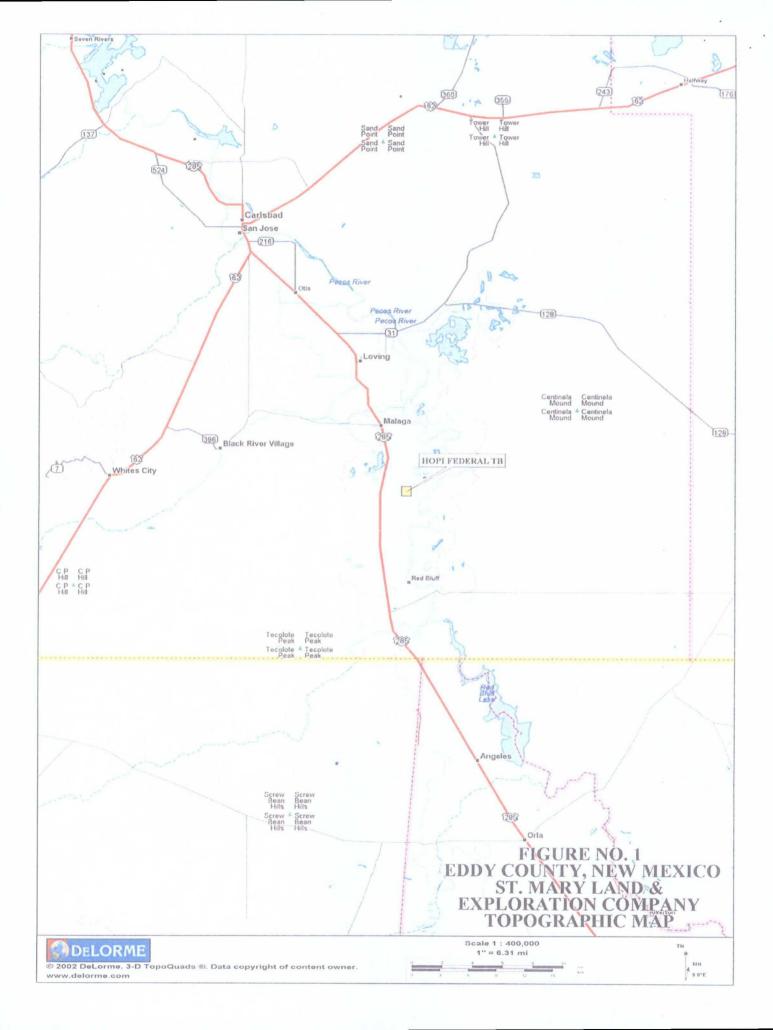
(-) Not Analyzed

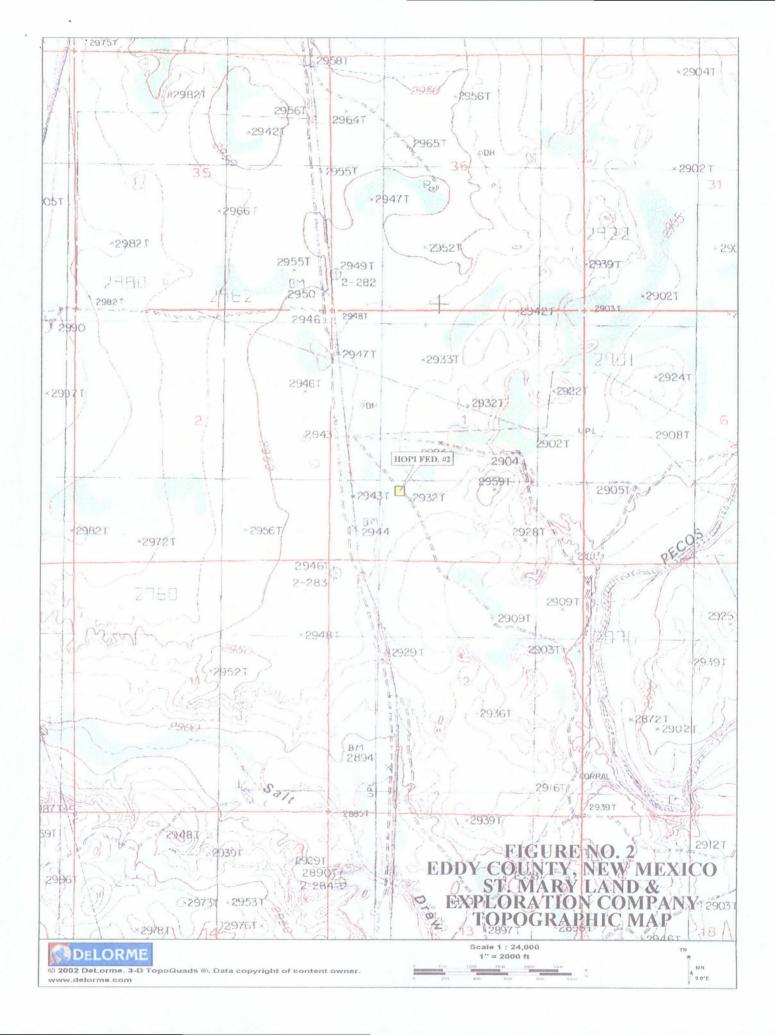
Table 4

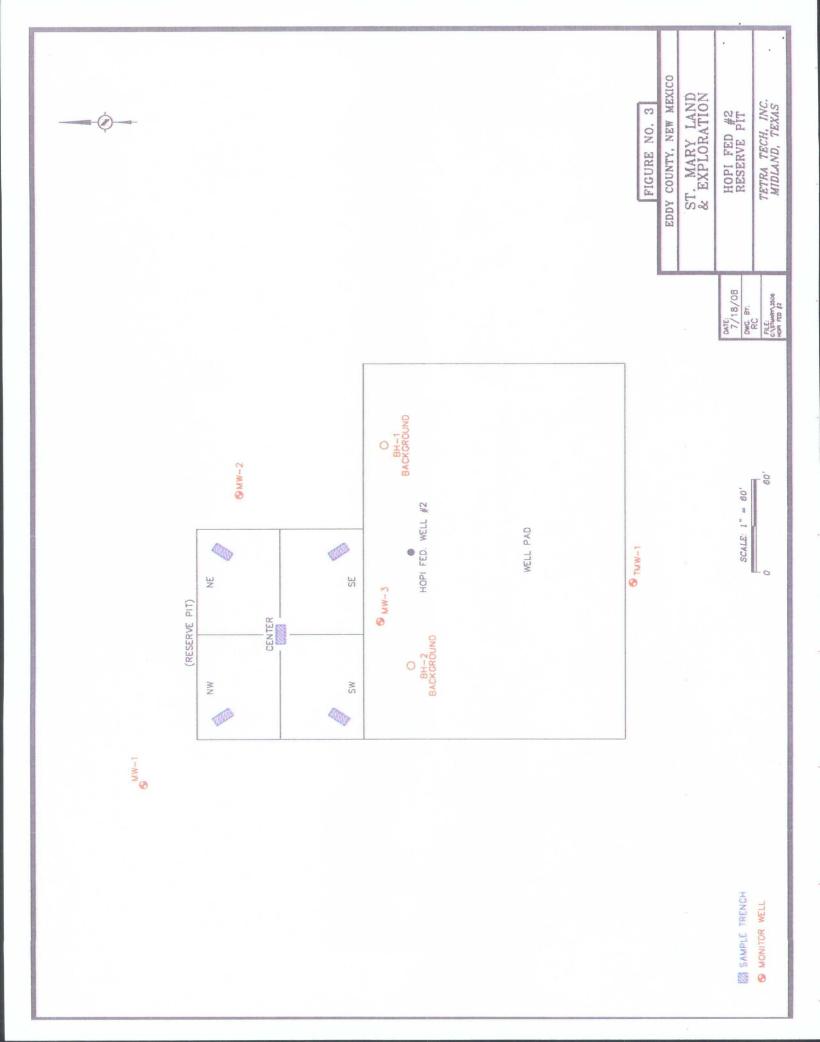
St Mary Land & Exploration Hopi Federal #2 (Reserve Pit) Eddy County, New Mexico

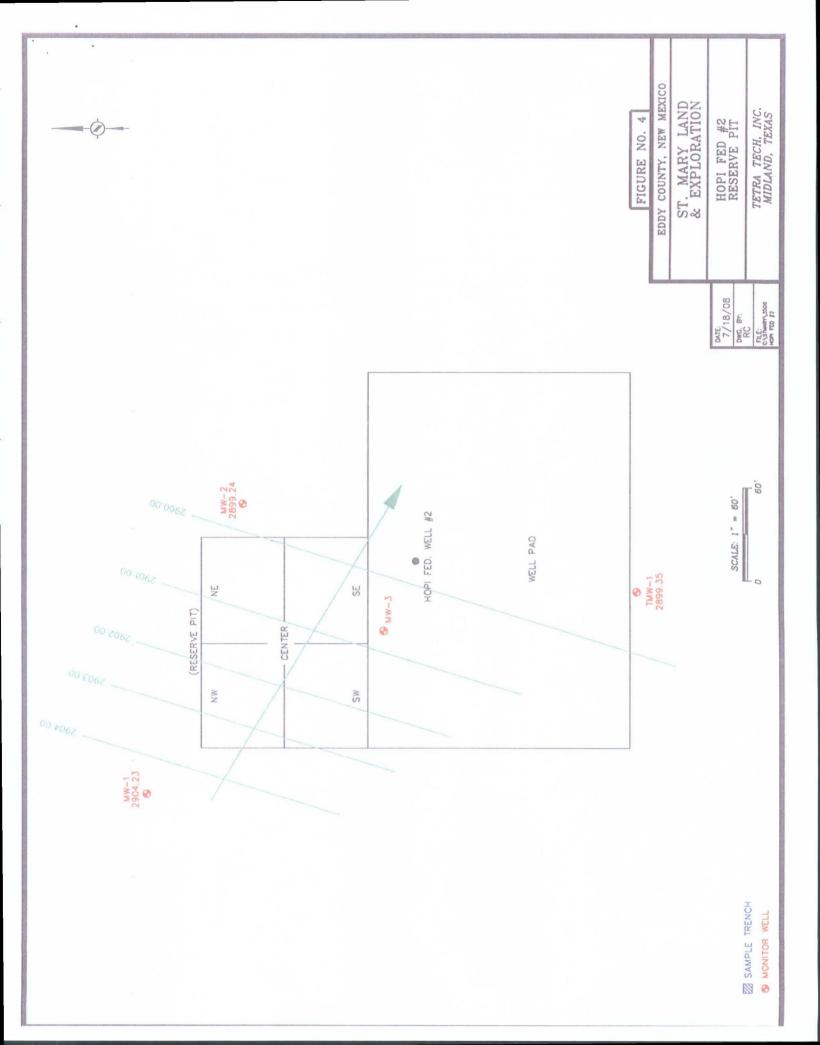
Sample ID	Date Sampled	Depth (Fcet)	Chloride mg/km
BG-1	9/3/2008	3-4	<100
	9/3/2008	6-7	190
	9/3/2008	9-10	794
	9/3/2008	12-13	702
	9/3/2008	15-16	1590
	9/3/2008	18-19	1540
	9/3/2008	21-22	1460
	9/3/2008	24-25	1220
	9/3/2008	27-28	1350
	9/3/2008	30-31	1020
	9/3/2008	33-34	205
	9/3/2008	36-37	<100
	9/3/2008	39-40	<100
BG-2	9/3/2008	3-4	2040
	9/3/2008	6-7	1540
	9/3/2008	9-10	675
	9/3/2008	12-13	550
	9/3/2008	15-16	467
	9/3/2008	18-19	924
	9/3/2008	21-22	612
	9/3/2008	24-25	488
	9/3/2008	27-28	<100
	9/3/2008	30-31	<100
	9/3/2008	33-34	<100
	9/3/2008	36-37	<100
	9/3/2008	39-40	<100

(-) not analyzed







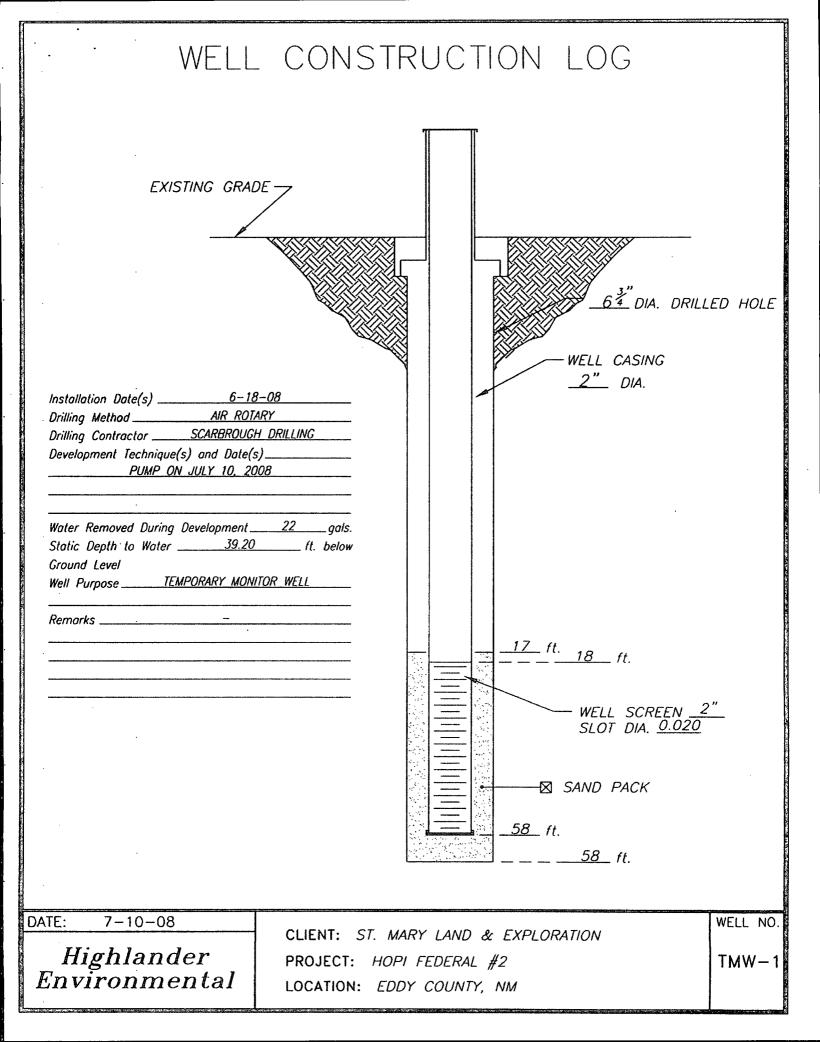


Boring/Well:TMW-1Project Number:3506Client:St. Mary Land & ExplorationSite Location:Hopi Federal #2Location:Eddy County, New MexicoTotal Depth59Date Installed:06/18/08

DEPTH (Ft)	OVM	SAMPLE DESCRIPTION
0-5		Tan/red sand clay and broken caliche
L 5-10		Tan/red fine grain sand and clay
10-15		White, gypsum, some dense
15-20		White, gypsum, some dense
20-25		White, gypsum, some dense
25-30		White, gypsum, some dense, tan/brown streak of clay @ 30'
30-35	~~	White, gypsum, some dense
35-40		White, gypsum, tan/brown streak of clay
40-45		White, gypsum, some dense
45-50		White, gypsum, some dense, karst @ 45-51'
55-58		White, gypsum and trace of sandy clay

Total Depth is 58 feet

Groundwater encountered at 39 feet

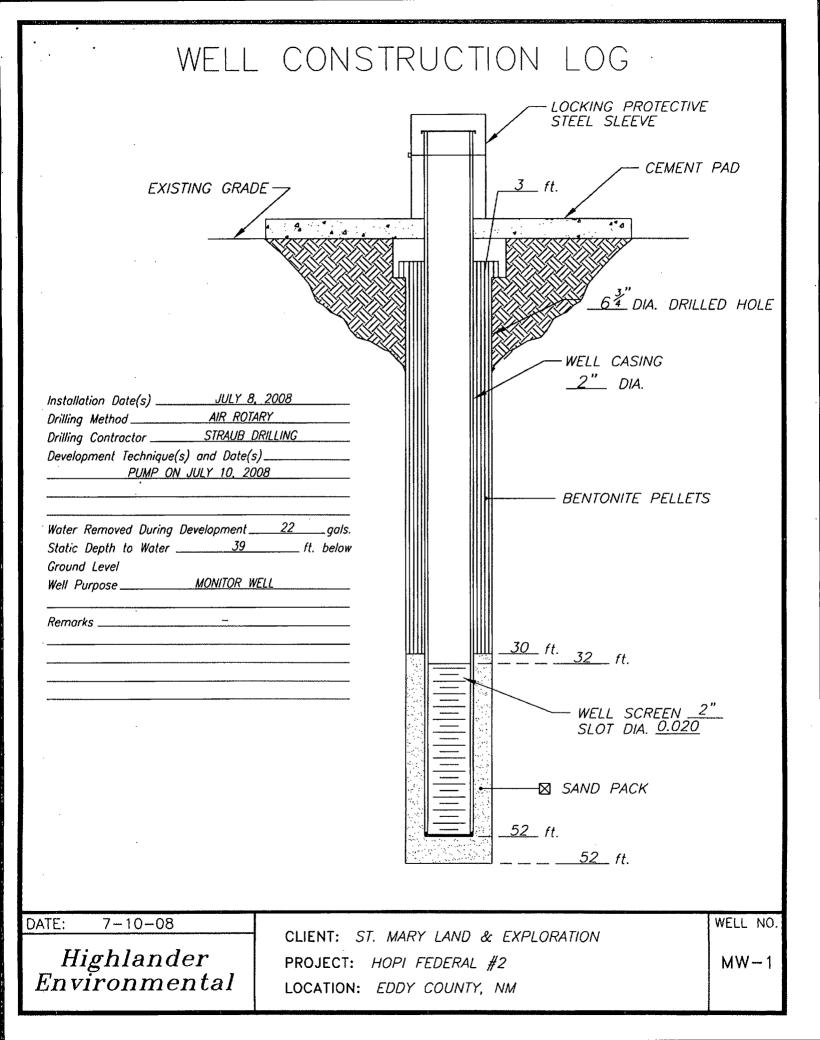


Boring/Well:MW-1Project Number:3506Client:St. Mary Land & ExplorationSite Location:Hopi Federal #2Location:Eddy County, New MexicoTotal Depth52Date Installed:07/08/08

DEPTH (Ft)	OVM	SAMPLE DESCRIPTION
0-5		Tan fine grain sand intermixed with gypsum
5-10		Tan/red fine grain sand
10-15		Light tan fine grain sand
15-20		Tan fine grain sand
20-25		Red to tan fine to medium grain sand
25-30		Red to tan fine to medium grain sand
30-35		Red medium grain sand (moist)
35-40		Red to tan medium grain sand with gypsum
40-45	~~	Red medium grain sand intermixed with clay
45-50		Red medium grain sand intermixed with clay
50-52		Red clay intermixed with some medium grain sand.

Total Depth is 52 feet

Groundwater encountered at 39 feet

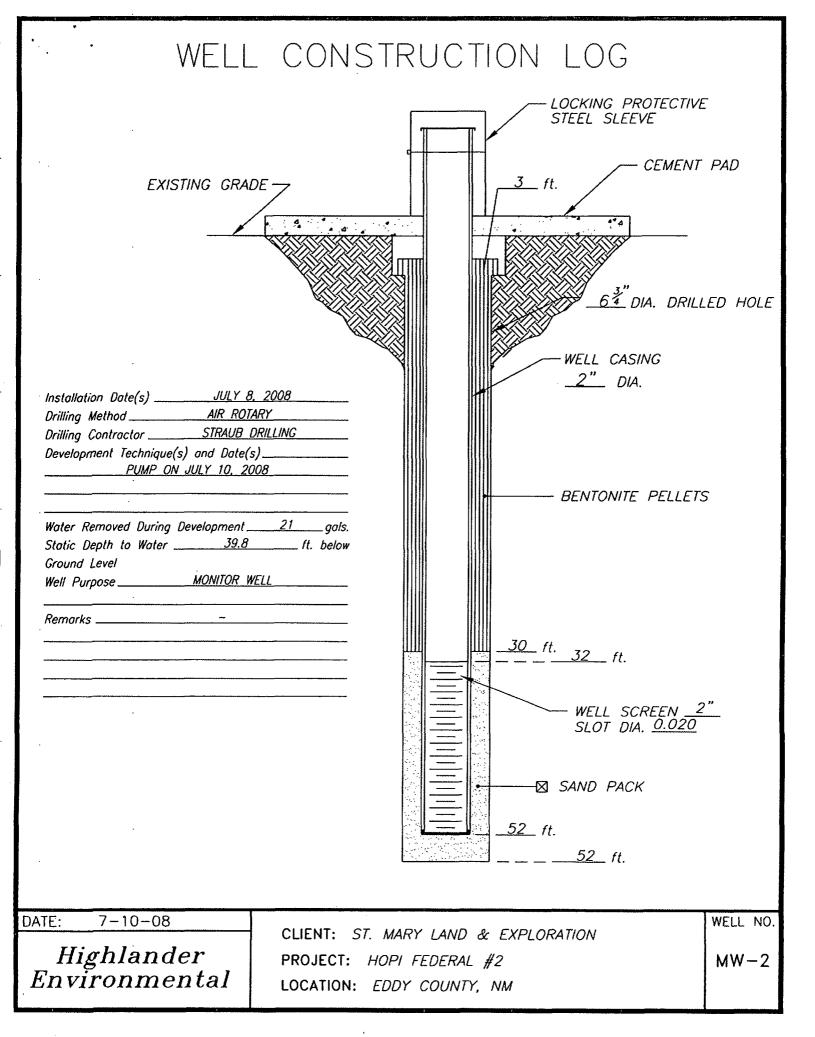


Boring/Well:	MW-2
Project Number:	3506
Client:	St. Mary Land & Exploration
Site Location:	Hopi Federal #2
Location:	Eddy County, New Mexico
Total Depth	52
Date Installed:	07/08/08

DEPTH (Ft)	ОУМ	SAMPLE DESCRIPTION
0-5		Tan fine grain sand with gypsum
5-10		Tan/red fine grain sand with clay intermixed
10-15		Red find grain sandy red clay (dry)
. 15-20		Tan/red fine grain clayey sand
20-25		Red fine grain sandy clay (moist)
25-30		Red fine grain sandy clay (moist)
30-35		Red fine grain sandy clay (moist) with gypsum
35-40		Red fine grain sandy clay (wet)
40-45		Red fine grain sandy clay (wet)
45-50		Red fine grain sandy clay (wet)
50-52		Red fine grain sandy clay (wet)

Total Depth is 52 feet

Groundwater encountered at 39 feet

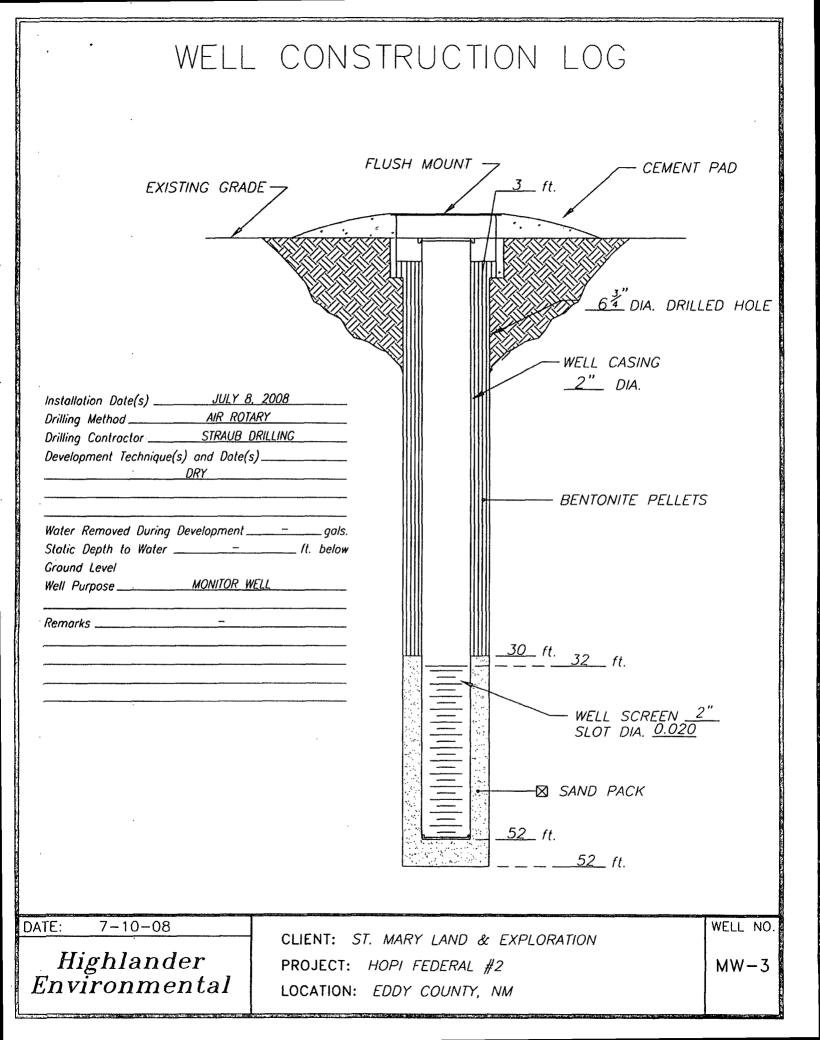


Boring/Well:MW-3Project Number:3506Client:St. Mary Land & ExplorationSite Location:Hopi Federal #2Location:Eddy County, New MexicoTotal Depth52Date Installed:07/08/08

DEPTH (Ft)	OVM	SAMPLE DESCRIPTION
0-5		Tan fine grain sandy intermixed with clay
5-10		Tan to red fine grain silty sand (dry)
10-15		Tan to red fine grain silty sand with some clay intermixed
15-20		Tan to red fine grain silty sand with some clay intermixed
20-25		Reddish brown silty with some sand intermixed
25-30		Gray clay with gypsum intermixed
30-35		Dark brown sandy clay with small amounts of gypsum intermixed
35-40		Dark brown silt with clay intermixed
40-45		Light tan/whitish mix of powdery silt
45-50		Grayish red clay (dry)
50-52	·	Grayish red clay (dry)

Total Depth is 52 feet

No groundwater encountered



GROUND WATER

EDDY COUNTY

generally about 200 feet thick, includes all beds lying above the 35-foot dolomitic limestone unit, and the lower part, about 300 feet thick, includes the 35-foot dolomitic limestone unit and all beds below it down to the Salado formation.

In the northern part of the county the Rustler crops out cast of the Pecos River in the eastern part of a belt of gypsum and redbeds. In this area the Rustler overlies the Chalk Bluff formation and is not easily distinguished from it. South of Carlsbad the west boundary of the main outcrop area of the Rustler approximately follows the Pecos River, but it extends a few miles west of the river near the south county line. The east boundary of the outcrop area of the Rustler is largely concealed by the mantle of the so-called Mescalero sands which cover both the Rustler and the overlying Triassic redbeds. The Rustler also crops out west of the Pecos in the Frontier Hills.

In its outcrop areas the Rustler yields water to many stock wells and some domestic wells. It also furnishes some of the water used by the International Minerals and Chemical Co., and the Potash Co. of America for refining potash. In the Carlsbad area it yields some water for small-scale irrigation. The water from the Rustler generally is not desirable for domestic use because of its high chloride and sulfate content. In certain areas wells penetrating the lower part of the Rustler yield a concentrated brine derived from the underlying Salado formation which cannot be used even for livestock. This brine aquifer at the base of the Rustler discharges salt water into the Pecos River in the vicinity of Malaga Bend (Robinson and Lang, 1938, pp. 77-100).

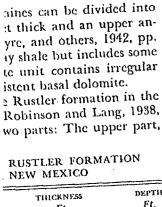
TRIASSIC SYSTEM

Dockum group

Overlying the Rustler formation in Eddy County are redbeds and sandstones of the Dockum group. The lower part of these beds has been considered Permian and correlated with the Dewey Lake redbeds by some geologists (DeFord, Willis, and Riggs, 1940). The total thickness of the Dockum group east of Artesia is about 1,000 feet. The formations of the Dockum group exposed in Eddy County are the Pierce Canyon redbeds, the Santa Rosa sandstone, and redbeds that possibly represent the Chinle formation.

The Pierce Canyon redbeds overlie the Rustler formation. They are about 350 feet thick and consist of red sandy shale and fine-grained sandstones marked with greenish-gray reduction spots. The formation thins to the north and is absent north of the latitude of Artesia. The Pierce Canyon redbeds crop out in the upper part of Nash Draw, in Clayton Basin, in some of the canyons on the east side of the Pecos River south of Malaga, and in other isolated areas east of the Pecos.

The Santa Rosa sandstone overlies the Pierce Canyon redbeds south of the latitude of Artesia and the Rustler formation north of Artesia. The Santa Rosa is 200 to 300 feet thick and consists of gray



MINERAL RESOURCES

consisting of halite and

er potassium salts, and in the area east of the

n removed by solution.

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this formation. In the

spaces capable of trans-

enters the potash mines

stler formation contains r water at Malaga Bend

lo formation (Robinson

on unconformably over-

cast of the Pecos River,

group or its equivalents

e bedding of the Rustler

face of the Salado forma-

ess from about 200 feet in

heast of Carlsbad. It con-

nd green sandy clay, and

THICKNESS Ft.	DEPTH Ft.
30	30
	60
100	160
30	190
20	210
35	245
30	275 345
	345
	495
	500

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23