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REPORTS

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Infrastructure, buildings, environment, communications

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Ed Hansen New Mexico Oil Conservation Division 1220 So. Saint Francis Drive Santa Fe, New Mexico 87505

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Subject:

Corrective Action Plan Report and Termination Request Eunice Monument Eumont (EME) Jct. F-18, NMOCD Case #1R 427-168 T20S, R37E, Section 18, Unit F, Eunice, Lea County, New Mexico

Mr. Hansen,

RICE Operating Company (ROC) has retained ARCADIS to address potential environmental concerns at the above-referenced site. ROC is the service provider (agent) for the Eunice Monument Eumont (EME) SWD System and has no ownership of any portion of the pipeline, well, or facility. The System is owned by a consortium of oil producers, System Parties, who provide all operating capital on a percentage ownership/usage basis.

SITE HISTORY AND BACKGROUND

ROC disclosed potential groundwater impact at the site to New Mexico Oil Conservation Division (NMOCD) via e-mail on October 19, 2004. A disclosure report was submitted to NMOCD with all of the ROC 2004 Junction Box Reports in March 2005 per the ROC Junction Box Upgrade Workplan.

The junction box F-18 was eliminated and replaced with poly line that bypasses this junction. Initial delineation began on August 16, 2004 and was completed on August 24, 2004 with a backhoe by trenching to 12 feet below ground surface (bgs). An area of 25 x 15 x 12 ft-deep was excavated and backfilled with blended soils to a depth 6 feet bgs. A one-foot thick compacted clay barrier was installed to inhibit downward chloride migration. The excavated area was then backfilled with the remaining blended excavated soil. The disturbed surface has been seeded with a blend of native vegetation and monitored for growth.

Based on the results of the soil sampling analytical results, elevated chloride concentrations were found to be present at the subject site.

ARCADIS U.S. Inc. 1004 N. Big Spring Street Suite 300 Midland Texas 79701 Tel 432.687.5400 Fax 432.687.5401 www.arcadis-us.com

Date: June 10, 2010

Contact: Sharon Hall

Phone: 432 687-5400

Email: shall@arcadis-us.com

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On behalf of ROC, ARCADIS submitted an Investigation Characterization Plan (ICP) to NMOCD on July 6, 2007. The ICP was approved by NMOCD on August 6, 2007 and proposed three tasks:

- Task 1- Collect Regional Hydrogeologic Data
- Task 2- Evaluate Concentrations of Constituents of Concern in Soil and Groundwater
- Task 3-Evaluate Potential Flux from the Vadose Zone to Groundwater

ICP INVESTIGATION RESULTS

Five soil borings were drilled at the site on March 5, 2009. The soil boring locations are shown on the attached figure.

Laboratory and field chloride analysis confirmed that chloride concentrations in soil decline at depth in SB-1, SB-2, SB-3, SB-4 and SB-5. Overall, chloride concentrations in soil samples collected from these borings declined to concentrations of 720 mg/kg, 441 mg/kg, 201 mg/kg, 360 mg/kg and 229 mg/kg, respectively.

Corrective Action Plan and Approval

On October 21, 2009 we submitted a Corrective Action Plan (CAP) that proposed extending the existing infiltration barrier as shown in the attached figure. The infiltration barrier proposed was a 20-mil poly liner that measures approximately 40 feet by 47 feet. Soils above the liner were to be replaced in a manner to support native vegetation and the site seeded with native grasses.

NMOCD approved the CAP on October 26, 2009. NMOCD's approval requested that ROC blend soils (if necessary) on the northern and eastern portions of the liner installation at the 5 feet to 12 feet below ground surface (bgs) interval to a chloride concentration of no more than 300 milligrams per kilogram.

Corrective Action Plan Activities

ROC conducted the approve CAP activities from February 1 through April 8, 2010. A summary of activities follows:

- 2/1/10 and 2/2/10- excavated to 47'X40'X5' area. Excavated backfill stockpiled on location and blended on site.
- 2/2/10- collected a 12 point blended backfill composite along with an imported backfill composite for lab analysis.

ARCADIS

- 2/4/10 and 2/5/10- continued excavation to the north and east from 5' to 12' bgs. Approximately 358 yards of excavated soil was disposed of at an approved facility (Sundance).
- 2/9/10- site backfilled to 5' bgs with the blended backfill (lab result; Cl⁻ = 64 mg/kg) and 20-mil poly liner was installed. Began backfilling above liner with clean imported soil (lab result; Cl⁻ = <16 mg/kg).
- 2/10/10 through 2/12/10- continue backfilling site with clean imported soil to ground surface. Approximately 348 yards of clean soil were imported.
- 3/9/10- hay was blended into 48 yards of imported soil stockpiled and contoured to the surrounding area.
- 3/17/10 and 3/18/10- silk netting was installed around the excavation.
- 4/8/10- site seeded with a blend of native vegetation

Photographs of the CAP activities are attached. ROC continues to monitor the revegetation of the site.

The approved CAP activities are complete at this site. ROC acknowledges they have met the requirements of 19.15.29 NMAC and respectfully request Termination of this regulatory file. If you have any questions or require additional information please call Hack Conder at (575) 393-9174.

Very Truly Yours,

ARCADIS U.S., Inc.

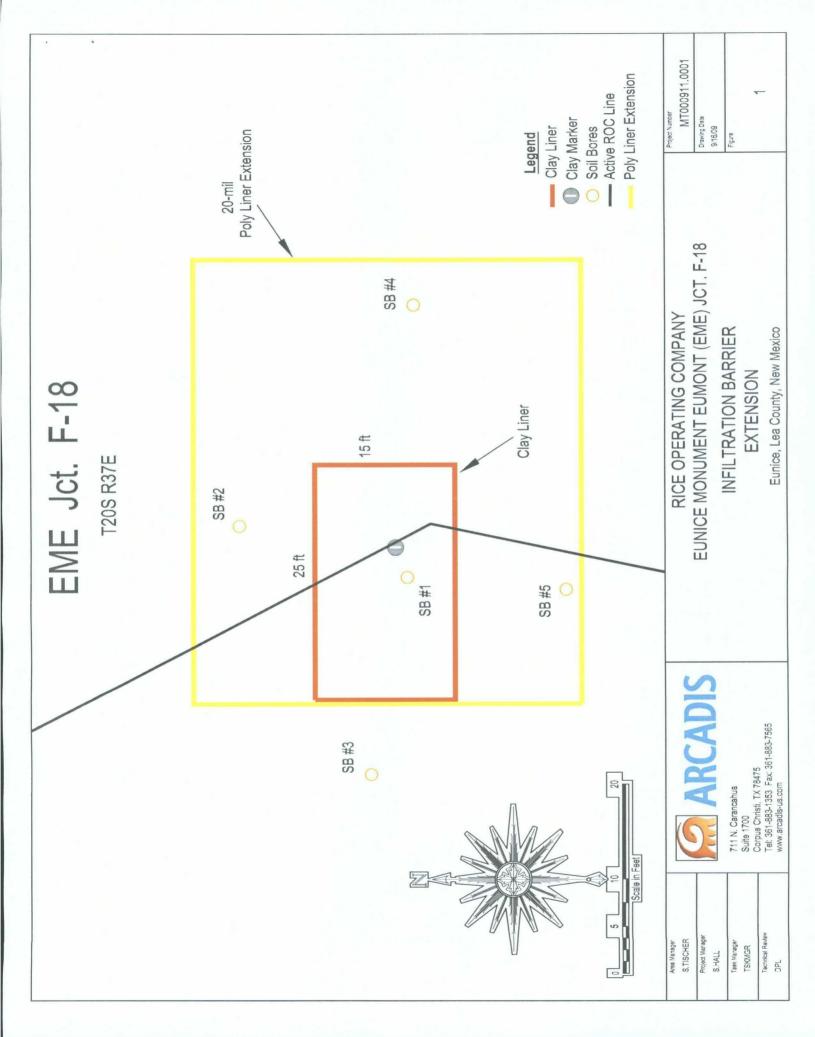
Shan E. Hall

Sharon E. Hall Associate Vice President

Copies: Hack Conder- Rice Operating Company

Attachments:

Figure showing infiltration barrier, Photographs, Blended Backfill Laboratory Report





Excavating EME Jct. F-18



Final excavation to 5 ft BGS and 12 ft BGS on the North and East portion of the site



Placement of the liner



Backfilling the site



Site after being backfilled



Seeding the site



Tilling the seed into the soil



ANALYTICAL RESULTS FOR RICE OPERATING COMPANY ATTN: HACK CONDER 122 WEST TAYLOR HOBBS, NM 88240 FAX TO: (575) 397-1471

Receiving Date: 02/03/10 Reporting Date: 02/04/10 Project Owner: NOT GIVEN Project Name: EME JCT F-18 Project Location: NOT GIVEN Analysis Date: 02/03/10 Sampling Date: 02/02/10 Sample Type: SOIL Sample Condition: COOL & INTACT Sample Received By: JH Analyzed By: HM

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|---|--------------|-----------------------------------|--------|-----------|
| | LAB NO. | SAMPLE ID | | (mg/kg) |
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| | H19206-2 | BLENDED BACKFILL 12 PT COMPOSITE | 1 | 64 |
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METHOD: Standard Methods Note: Analyses performed on 1:4 wiv aqueous extracts.

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H19206 Rice

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ANALYTICAL RESULTS FOR RICE OPERATING COMPANY ATTN: HACK CONDER 122 W. TAYLOR HOBBS, NM 88240

Receiving Date: 02/03/10 Reporting Date:02/04/10 Project Number: NOT GIVEN Project Name: EME JCT F-18 Project Location: NOT GIVEN Sampling Date: 02/02/10 Sample Type: SOIL Sample Condition: COOL & INTACT Sample Received By: JH Analyzed By: AB

| | LAB NUMBER | SAMPLE ID | GRO (C ₆ -C ₁₀) (mg/kg) | DRO (>C ₁₀ -C ₂₈) (mg/kg) |
|---|---|---|--|--|
| | ANALYSIS DA H19206-2 | TE BLENDED BACKFILL 12 PT COMPOSITE | 02/04/10 <10.0 | 02/04/10 17.4 |
| 1 | Quality Contro True Value QC % Recovery Relative Perce | | 515 500 103 0.6 | 430 500 86.0 1.7 |

METHODS: TPH GRO & DRO; EPA SW-846 8015 M. Reported on wel weight.

Chemist

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H19206 T RICE

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CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

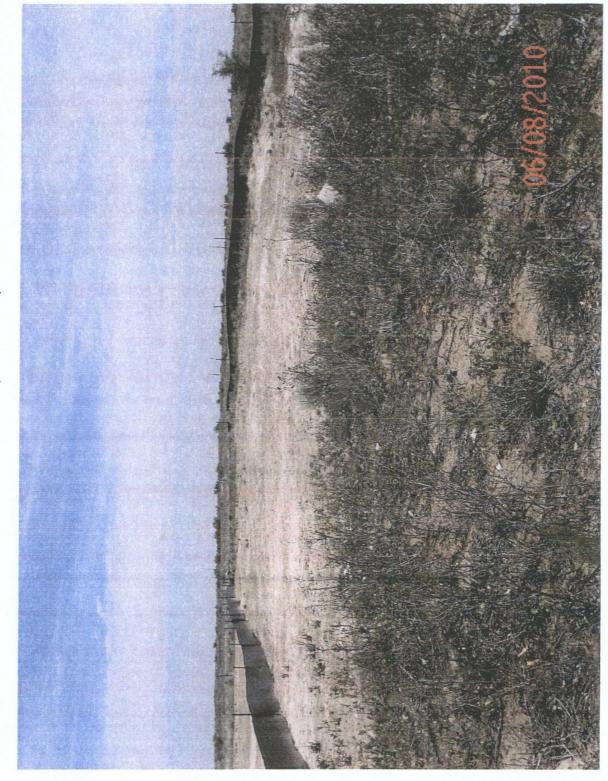
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| Project Manager: | The CONDER | P.O. #: | |
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| Project #: | Project Owner: | city: | |
| Project Name: | EMEJCT F-18 | State: Zip: | |
| Project Location: | ° (| Phone #: | |
| Sampler Namo: FCP_LEPING_02.X | | ESERV SAMPLING | |
| Lab I.D. | Sample LD. | CH CON 1001 1001 1001 101 101 101 101 101 101 | |
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EME Jct. F-18 (1R 427-168)