



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 11, 2006

Jennifer Johnson
RICE OPERATING COMPANY
122 West Taylor
Hobbs, NM 88240

Re: Work Plan approval: EME F-32 Release Site
Site Location: UL-F, Sec 32-T21S-R36E
Dated: Feb 9, 2006

Dear Ms. Johnson,

The New Mexico Oil Conservation Division (OCD) reviewed the corrective action work plan referenced above and submitted by RICE Operating Company. The plan is hereby approved with the following conditions:

1. RICE shall delineate Chloride horizontally and vertically to 250 mg/L, (above background), plus at least four feet.
2. RICE shall delineate the TPH and BTEX to the specifications in "Guidelines for Remediation of Leaks, Spills & Releases", August 13, 1993.

Please be advised that OCD approval does not relieve RICE of liability should operations result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve RICE of responsibility for compliance with any federal, state or local laws and/or regulations.

If you have any questions or need assistance please write or call me at (505) 393-6161, x113 or <mailto:psheeley@state.nm.us>

Sincerely,

Paul Sheeley-Environmental Engineer

Cc: Wayne Price - Environmental Bureau Chief
Chris Williams - District I Supervisor
Larry Johnson - Environmental Engineer

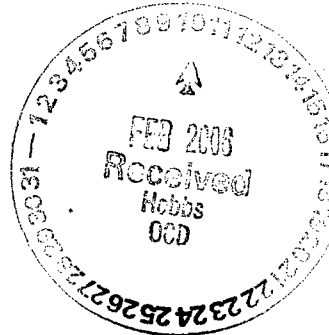
RICE Operating Company

122 West Taylor • Hobbs, New Mexico 88240
Phone: (505)393-9174 • Fax: (505) 397-1471

February 9, 2006

Paul Sheeley
NMOCD Hobbs Office
1625 N. French Drive.
Hobbs, New Mexico 88240

Re: EME Salt Water Disposal System
UL/F SEC 32 T21S R36E
Lea County, New Mexico



Mr. Sheeley:

In response to your denial of closure request for the above mentioned site on February 2, 2006, Rice Operating Company (ROC) submits the following information.

ROC conducted a chloride field test of the produced water at the time of release which yielded 12,896 ppm chlorides. Delineation with a backhoe was conducted on November 21, 2005. Please see attached table and laboratory analysis.

The Duplicate (EK53004-DUP1) is a Quality Control and Assurance Standard employed by the Environmental Lab of Texas. This was not a sample submitted by ROC. If you have any questions about this procedure you may contact the Laboratory at (432)563-1800.

ROC requests that you reevaluate the closure request for this site with consideration of the enclosed data. ROC is looking forward to hearing back from you on this matter.

If you have any questions or need assistance please call me at (505) 631-2532

Sincerely,

Jennifer Johnson
Environmental and Field Technician
Rice Operating Company

EME Pump Station F-32 Leak 11/21/05

Sample Point A

Depth	Chloride ppm	Lithology	PID ppm
1'	105	clay	0
2'	109	clay	0
3'	73	clay	0
4'	142	clay	0
5'	174	clay	0

Sample Point B

Depth	Chloride ppm	Lithology	PID ppm
1'	121	clay	0
2'	106	clay	0
3'	170	clay	0
4'	185	clay	0
5'	76	clay	0

Sample Point C

Depth	Chloride ppm	Lithology	PID ppm
1'	125	clay	0
2'	179	clay	0
3'	112	clay	0
4'	179	clay	0
5'	215	clay	0

Sample Point D

Depth	Chloride ppm	Lithology	PID ppm
1'	91	clay	0
2'	176	clay	0
3'	294	clay	0
4'	245	clay	0
5'	250	clay	0

January 30, 2006

Paul Sheeley
NMOCD Hobbs Office
1625 N. French Drive
Hobbs New Mexico

RE: EME Salt Water Disposal System
PS F-32 Leak Site
UL/ F SEC 32 T21S R36E

Dear Mr. Paul Sheeley:

Rice Operating Company (ROC) discovered an accidental discharge on the above mentioned site, which occurred on 3/06/05. A failure of the high alarm switch at the pump station caused the tank to overflow thus releasing produced water. The dike spilled over affecting approximately 1/3 of an acre. On 5/25/05 ROC conducted an initial investigation of the site showing chloride levels well below 1000 ppm.

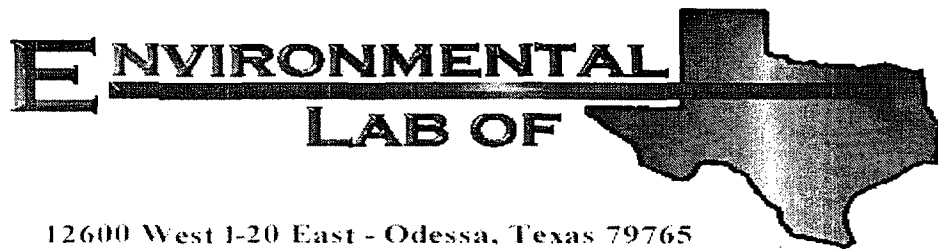
The release occurred on New Mexico State Land leased to Dasco Cattle Co. both were notified immediately. ROC conducted field delineation with the use of a backhoe on 11/21/05. ROC found no further evidence of chloride impact. Samples were taken and sent to Environmental Lab of Texas for confirmation (analysis enclosed). ROC then seeded the site on 12/23/05 with a blend of native vegetation.

ROC concludes that with restoration of surface vegetation there is no threat to groundwater with remaining residual chlorides. The groundwater depth is approximately 200 feet bgs. ROC will monitor regrowth of vegetation.

ROC is the service provider (operator) for the EME SWD System and has no ownership of any portion of the pipe line, well or facility. The EME System is owned by a consortium of oil producers called System Partners who provide all operating capital on a percentage/usage basis.

Jennifer Johnson
Environmental and Field Technician

 **COPY**



12600 West I-20 East - Odessa, Texas 79765

Analytical Report

Prepared for:

Kristin Farris-Pope

Rice Operating Co.

122 W. Taylor

Hobbs, NM 88240

Project: EME PS F-32 Leak

Project Number: None Given

Location: None Given

Lab Order Number: 5K28006

Report Date: 11/30/05

COPY

Rice Operating Co.
122 W. Taylor
Hobbs NM, 88240

Project: EME PS F-32 Leak
Project Number: None Given
Project Manager: Kristin Farris-Pope

Fax: (505) 397-1471

Reported:
11/30/05 10:06

ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
SP A@ 5' bgs	5K28006-01	Soil	11/21/05 09:00	11/28/05 07:50
SP B@ 5' bgs	5K28006-02	Soil	11/21/05 09:30	11/28/05 07:50
SP C@ 5' bgs	5K28006-03	Soil	11/21/05 10:06	11/28/05 07:50
SP D@ 5' bgs	5K28006-04	Soil	11/21/05 10:30	11/28/05 07:50

Rice Operating Co.
122 W. Taylor
Hobbs NM, 88240

Project: EME PS F-32 Leak
Project Number: None Given
Project Manager: Kristin Farris-Pope

Fax: (505) 397-1471

Reported:
11/30/05 10:06

General Chemistry Parameters by EPA / Standard Methods
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
SP A@ 5' bgs (5K28006-01) Soil									
Chloride	10.7	5.00	mg/kg	10	EK53004	11/29/05	11/30/05	EPA 300.0	
SP B@ 5' bgs (5K28006-02) Soil									
Chloride	31.4	5.00	mg/kg	10	EK53004	11/29/05	11/30/05	EPA 300.0	
SP C@ 5' bgs (5K28006-03) Soil									
Chloride	225	10.0	mg/kg	20	EK53004	11/29/05	11/30/05	EPA 300.0	
SP D@ 5' bgs (5K28006-04) Soil									
Chloride	86.5	10.0	mg/kg	20	EK53004	11/29/05	11/30/05	EPA 300.0	

Rice Operating Co.
122 W. Taylor
Hobbs NM, 88240

Project: EME PS F-32 Leak
Project Number: None Given
Project Manager: Kristin Farris-Pope

Fax: (505) 397-1471

Reported:
11/30/05 10:06

General Chemistry Parameters by EPA / Standard Methods - Quality Control
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
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Batch EK53004 - Water Extraction

Blank (EK53004-BLK1)

Prepared: 11/29/05 Analyzed: 11/30/05

Chloride	ND	0.500	mg/kg							
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LCS (EK53004-BS1)

Prepared: 11/29/05 Analyzed: 11/30/05

Chloride	8.00		mg/L	10.0		80.0	80-120			
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Calibration Check (EK53004-CCV1)

Prepared: 11/29/05 Analyzed: 11/30/05

Chloride	8.72		mg/L	10.0		87.2	80-120			
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Duplicate (EK53004-DUP1)

Source: 5K23001-01

Prepared: 11/29/05 Analyzed: 11/30/05

Chloride	25800	500	mg/kg		25100			2.75	20	
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Rice Operating Co.
122 W. Taylor
Hobbs NM. 88240

Project: EME PS F-32 Leak
Project Number: None Given
Project Manager: Kristin Farris-Pope

Fax: (505) 397-1471

Reported:
11/30/05 10:06

Notes and Definitions

DET Analyte DETECTED
ND Analyte NOT DETECTED at or above the reporting limit
NR Not Reported
dry Sample results reported on a dry weight basis
RPD Relative Percent Difference
LCS Laboratory Control Spike
MS Matrix Spike
Dup Duplicate

Report Approved By: Raland K. Tuttle Date: 12-01-05

Raland K. Tuttle, Lab Manager
Celey D. Keene, Lab Director, Org. Tech Director
Peggy Allen, QA Officer

Jeanne Mc Murrey, Inorg. Tech Director
LaTasha Cornish, Chemist
Sandra Sanchez, Lab Tech.

This material is intended only for the use of the individual (s) or entity to whom it is addressed, and may contain information that is privileged and confidential.

If you have received this material in error, please notify us immediately at 432-563-1800.

Environmental Lab of Texas, Inc.

12600 West I-20 East
Odessa, Texas 79763

Phone: 915-563-1800
Fax: 915-563-1713

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

Project Name: ENG 05 F-32 LEAK

Project #:

Project Loc:

PO #:

Telephone No: (505) 393-9174

Sampler Signature: _____

Analyze For:

[illegible]

Environmental Lab of Texas

Variance / Corrective Action Report – Sample Log-In

Client: Rice

Date/Time: 11/28/05 7:50

Order #: 5K28006

Initials: CR

Sample Receipt Checklist

Temperature of container/cooler?	Yes	No	2.0 C
Shipping container/cooler in good condition?	Yes	No	
Custody Seals intact on shipping container/cooler?	Yes	No	Not present
Custody Seals intact on sample bottles?	Yes	No	Not present
Chain of custody present?	Yes	No	
Sample Instructions complete on Chain of Custody?	Yes	No	
Chain of Custody signed when relinquished and received?	Yes	No	
Chain of custody agrees with sample label(s)	Yes	No	
Container labels legible and intact?	Yes	No	
Sample Matrix and properties same as on chain of custody?	Yes	No	
Samples in proper container/bottle?	Yes	No	
Samples properly preserved?	Yes	No	
Sample bottles intact?	Yes	No	
Preservations documented on Chain of Custody?	Yes	No	
Containers documented on Chain of Custody?	Yes	No	
Sufficient sample amount for indicated test?	Yes	No	
All samples received within sufficient hold time?	Yes	No	
VOC samples have zero headspace?	ck Yes	No	Not Applicable

Other observations:

Variance Documentation:

Contact Person: - _____ Date/Time: _____ Contacted by: _____
Regarding: _____

Corrective Action Taken:
