

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

Form C-141
Revised October 10, 2003

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

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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Rice Operating	Contact Tony Grieco
Address 122 W. Taylor St., Hobbs, NM 88240	Telephone No. (575) 393-9174
Facility Name: BD Junction N-29	Facility Type: Salt Water Gathering System

Surface Owner: Turner Ranch	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter N	Section 29	Township 21S	Range 37E	Feet from the	North/South Line	Feet from the	East/West Line	County LEA
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Latitude **32° 26.686N** Longitude **103° 11.278W**

NATURE OF RELEASE

Type of Release: Produced water	Volume of Release: 30 bbls	Volume Recovered: 15 bbls
Source of Release: Broken PVC Flange	Date and Hour of Occurrence: 1/31/07 1:45 PM	Date and Hour of Discovery: 1/31/07 1:45 PM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Larry Johnson	
By Whom? Noel Carmona	Date and Hour: 1/31/07 4:38 PM call returned 4:44 PM	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* **A flange broke inside a junction box, causing it to overflow. The flange was replaced as a permanent repair.**

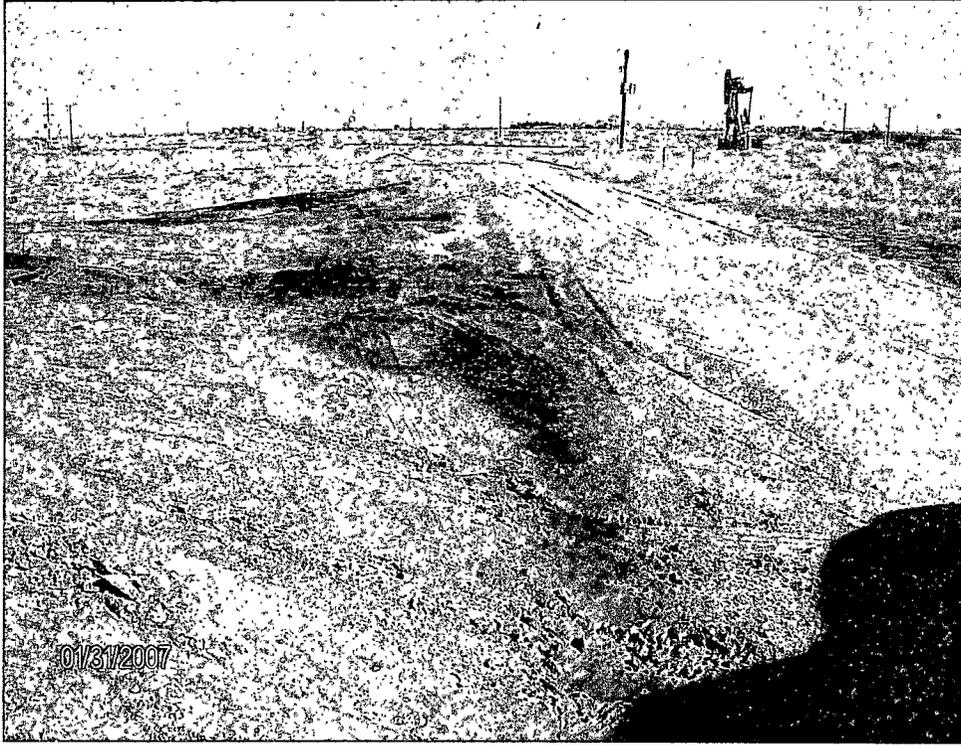
Describe Area Affected and Cleanup Action Taken.*
Approximately 5,428 sq ft were affected. A vacuum truck was used to pick up standing fluid. Leak area was scraped on 2/1 and 2/2/07 to a depth of 6 in and the impacted soil (a total of 216 yds) was properly disposed at Sundance disposal facility. An initial C-141 was submitted 2/7/07, and a Corrective Action Plan was submitted 2/19/07. Delineation with a backhoe and hand auger was conducted 2/1,2,5/07, and additional delineation with a hand auger was done on 12/11/07. On 1/9,10 /08, 216 yds of clean soil were imported, this soil was spread and contoured, and the site was seeded, on 1/22/08.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

OIL CONSERVATION DIVISION	
Signature:	Approved by District Supervisor: <i>Chris Williams</i>
Printed Name: Tony Grieco	Approval Date: 2/13/08 Expiration Date: 3/13/08
Title: Environmental Tech	Conditions of Approval:
E-mail Address: tgrieco@riceswd.com	Attached <input type="checkbox"/>
Date: 1/24/08 Phone: (575) 393-9174	

* Attach Additional Sheets If Necessary

BD N-29 LEAK

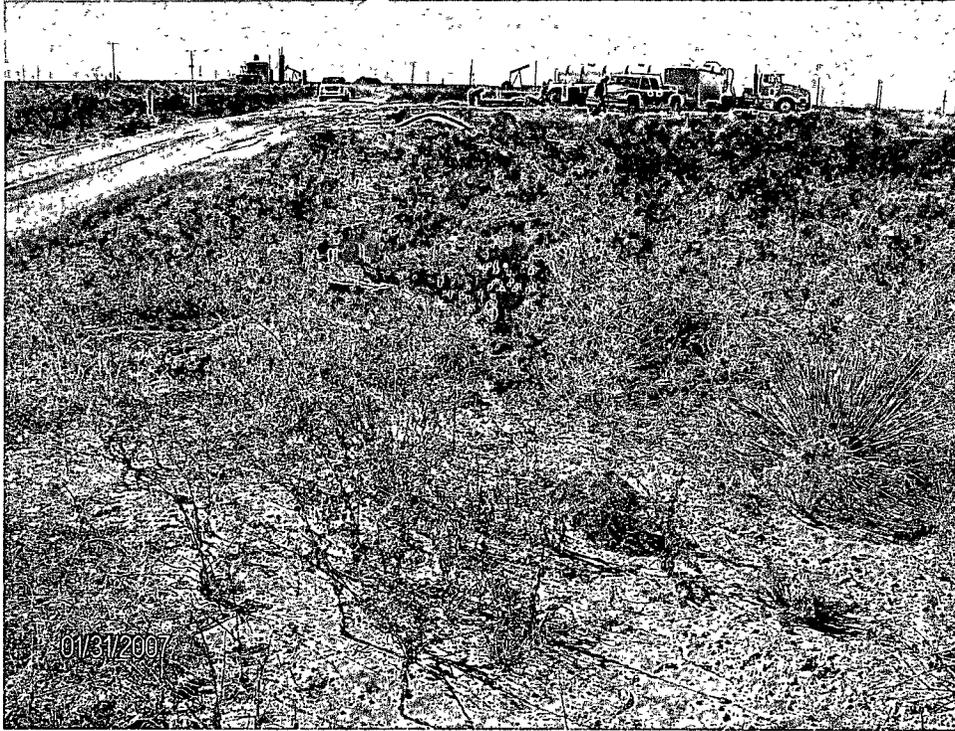


SPILL FROM SOURCE LOOKING EAST



SAME VIEW AFTER BACKFILL, DURING SEEDING

BD N-29 LEAK

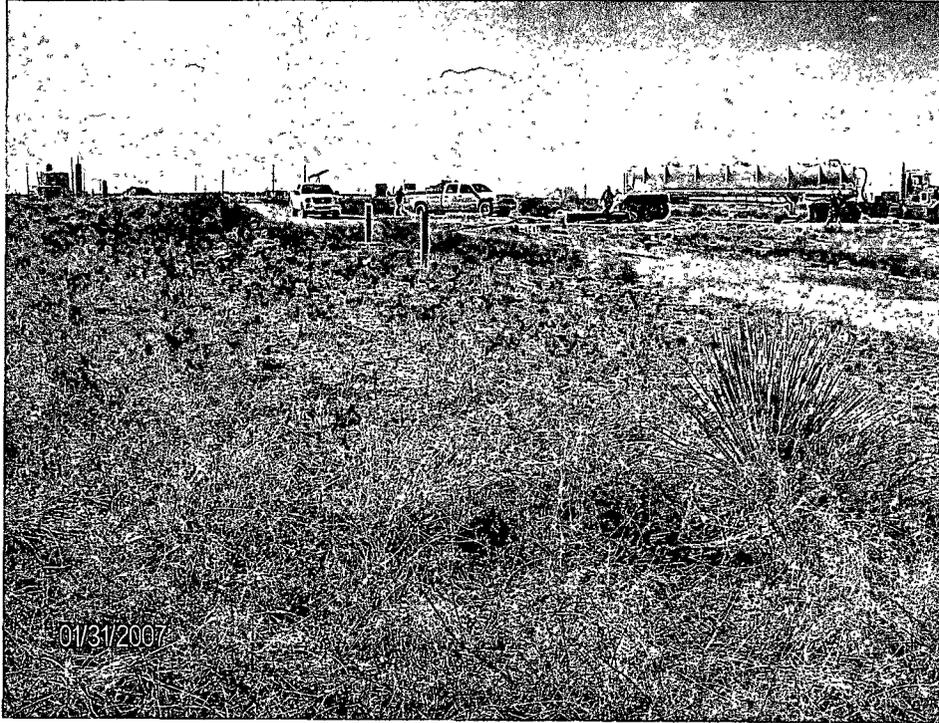


NORTH SIDE OF ROAD, LOOKING WEST FROM EAST EDGE OF SPILL AREA

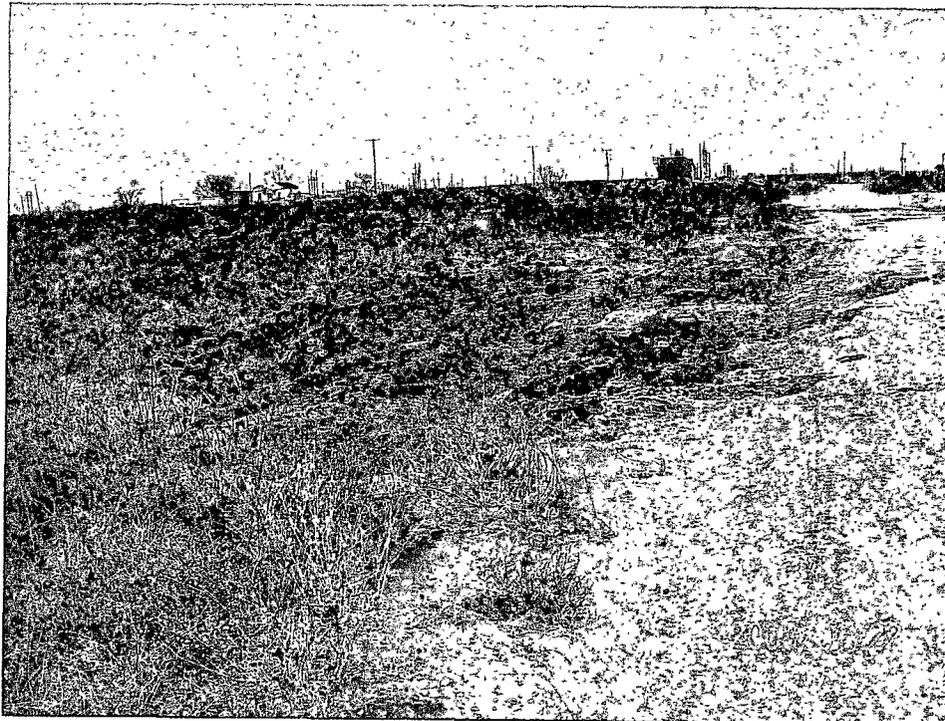


SAME VIEW AFTER BACKFILL AND CONTOURING

BD N-29 LEAK



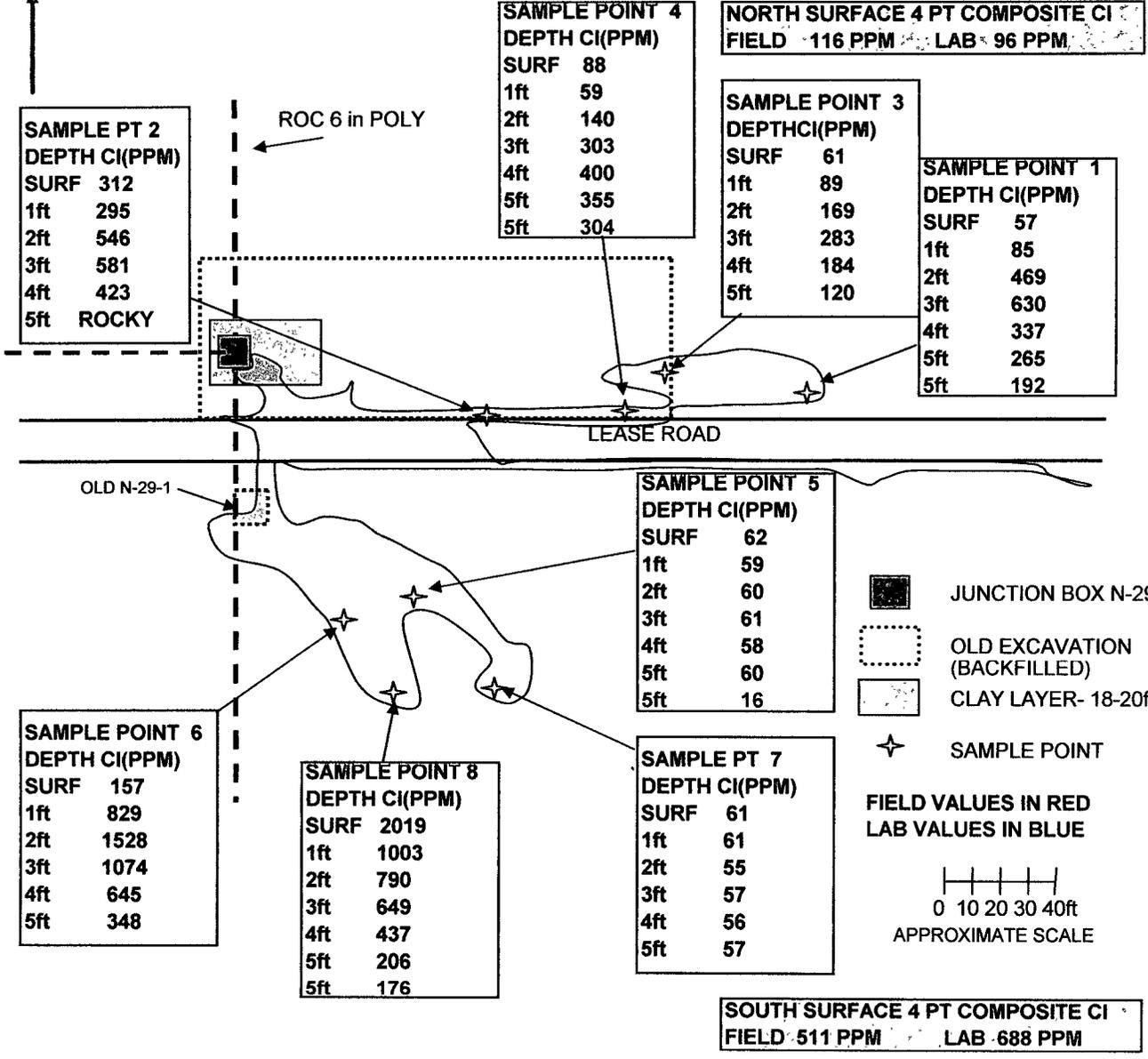
SOUTH SIDE OF ROAD LOOKING WEST FROM EAST EDGE OF SPILL AREA



SAME VIEW AFTER BACKFILL, CONTOURING

BD N-29 JCT LEAK

U/L N SEC 29 - T21S - R37E DGW 85ft. LANDOWNER: TURNER RANCH





CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240

(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page ____ of ____

Company Name: <u>RICE Operating</u>				BILL TO				ANALYSIS REQUEST											
Project Manager: <u>Roy Rascon</u>				P.O. #:				CHLORIDES											
Address: <u>122 W. Taylor</u>				Company:															
City: <u>Hobbs</u>		State: <u>NM</u>		Zip: <u>88240</u>		Attn:													
Phone #: <u>393-9174</u>		Fax #: <u>397-1471</u>		Address:															
Project #:		Project Owner:		City:															
Project Name: <u>BDN-29</u>				State:								Zip:							
Project Location:				Phone #:															
Sampler Name: <u>Tony Grieco</u>				Fax #:															
FOR LAB USE ONLY																			
Lab I.D.	Sample I.D.	(GRAB OR (COMP. # CONTAINERS	MATRIX									PRESERV.		SAMPLING					
			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL	OTHER:	DATE	TIME						
<u>N13914-1</u>	<u>NORTH SURFACE COMP</u>	<u>C</u>			<u>✓</u>				<u>✓</u>		<u>12/11/07</u>	<u>2:00 PM</u>	<u>✓</u>						
<u>-2</u>	<u>SOUTH SURFACE COMP</u>	<u>C</u>			<u>✓</u>				<u>✓</u>		<u>12/11/07</u>	<u>2:30 PM</u>	<u>✓</u>						

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Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished:		Date:	Received By:	Phone Result:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Relinquished By:		Date: <u>12/14/07</u>	Received By: (Lab Staff)	Fax Result:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Delivered By: (Circle One)		Time: <u>8:15 AM</u>	<u>Bryan La Cooke</u>	REMARKS:	
Sampler - UPS - Bus - Other:		Temp, °C	Intact?	email results	
		<u>cool</u>	<u>Yes</u>	<u>jpurvis@riceswd.com</u>	
			<u>No</u>	<u>hconderr@rice.swd.com</u>	
				<u>tgrieco@riceswd.com</u>	

† Cardinal cannot accept verbal changes. Please fax written changes to (915) 673-7020.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240 2111 Beechwood, Abilene, TX 79603
(505) 393-2326 FAX (505) 393-2476 (325) 673-7001 FAX (325) 673-7020

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

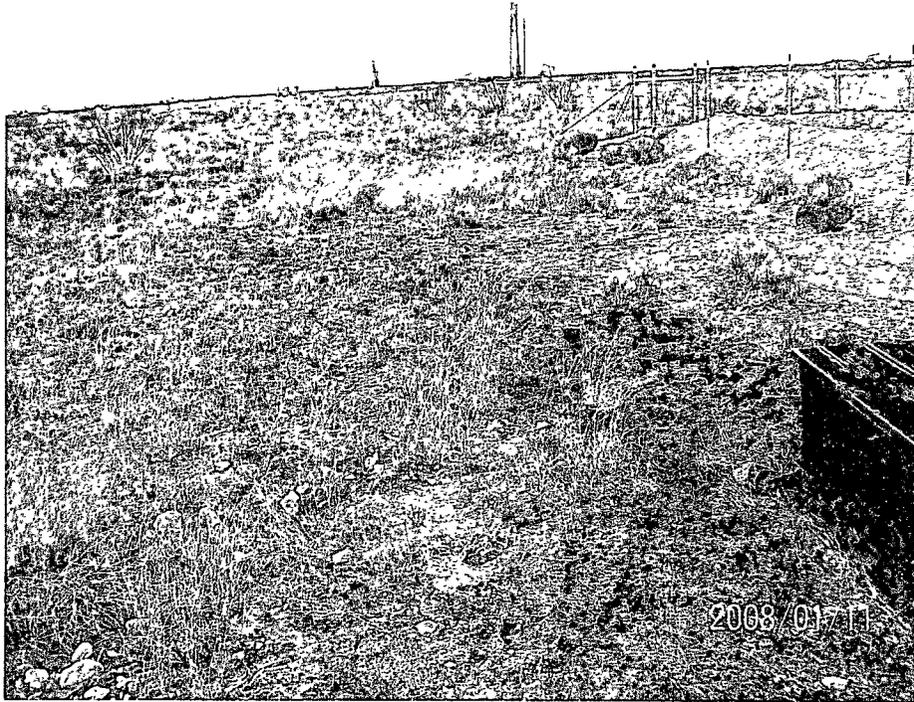
Company Name: RICE OPERATIONS		BILL TO		ANALYSIS REQUEST																			
Project Manager: HACK CONDEZ		P.O. #:																					
Address: 122 W TAYLOR		Company:																					
City: HOBBS State: NM Zip: 88240		Attn:																					
Phone #: 393 9174 Fax #:		Address:																					
Project #: _____ Project Owner:		City:																					
Project Name: BDN-29		State: _____ Zip: _____																					
Project Location:		Phone #:																					
Sampler Name: TONY GRIECO		Fax #:																					
FOR LAB USE ONLY																							
Lab I.D.	Sample I.D.	(GRAB OR (C)OMP. # CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL	OTHER:	DATE	TIME	CHLORIDE									
H13917-1	SAMPLE POINT 1 SFT	9			✓				✓			12/11/07	9:00 AM										
-2	SAMPLE POINT 4 SFT	9			✓				✓			12/11/07	9:45 AM										
-3	SAMPLE POINT 8 SFT	9			✓				✓			12/11/07	10:30 AM										
-4	SAMPLE POINT 5 SFT	9			✓				✓			12/11/07	11:00 AM										
	Change to 5																						

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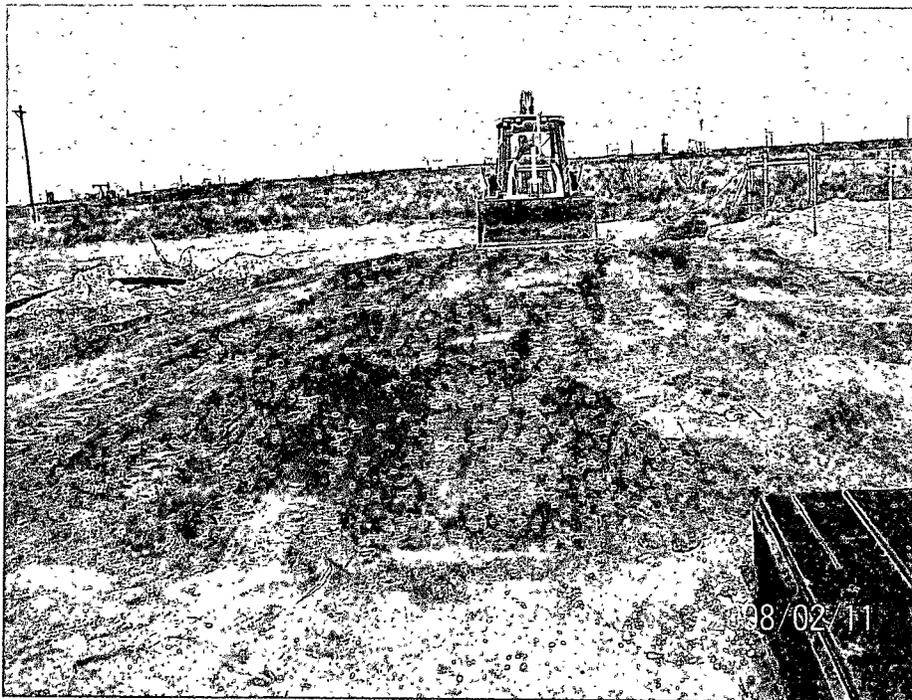
Relinquished By:	Date:	Received By:	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
	Time:		Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Relinquished By:	Date: 12/14/07	Received By: [Signature]	REMARKS:	
Delivered By: (Circle One)	Time: 9:30am	Sample Condition	Change 4th sample (H13917-4) to "Sample Point 5" per Tony. 12/17/07 11:40am Misty LeBurt	
Sampler - UPS - Bus - Other:		Cool Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
		Checked BY: (Initials) AB		

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476

BD N-22 LEAK



SPILL AREA, FACING NORTH.

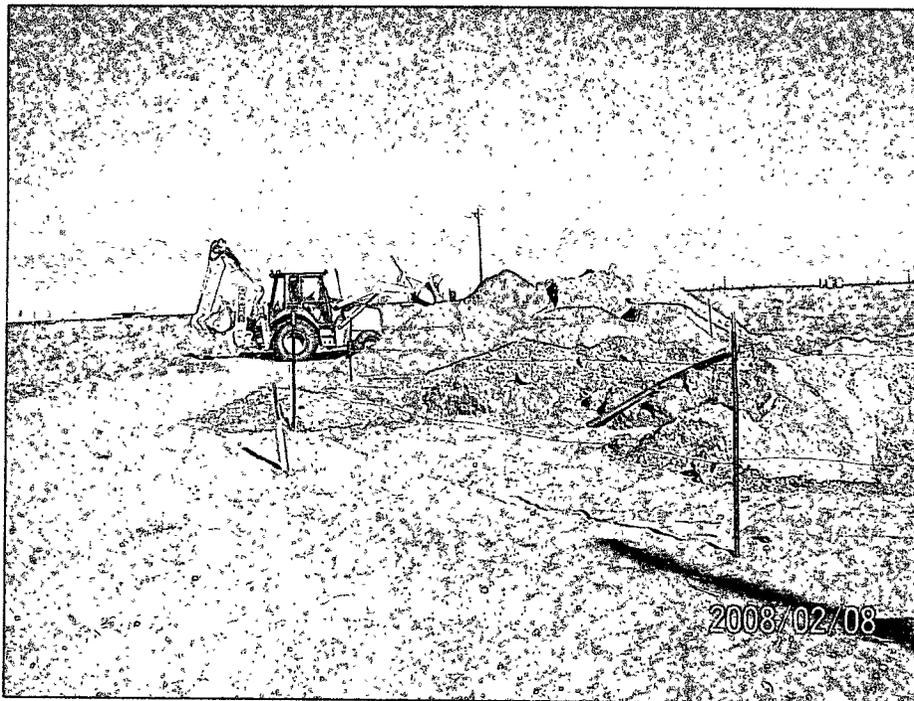


SAME AREA AFTER BACKFILL

BD N-22 LEAK



COMPACTION OF INSTALLED CLAY BEING MEASURED

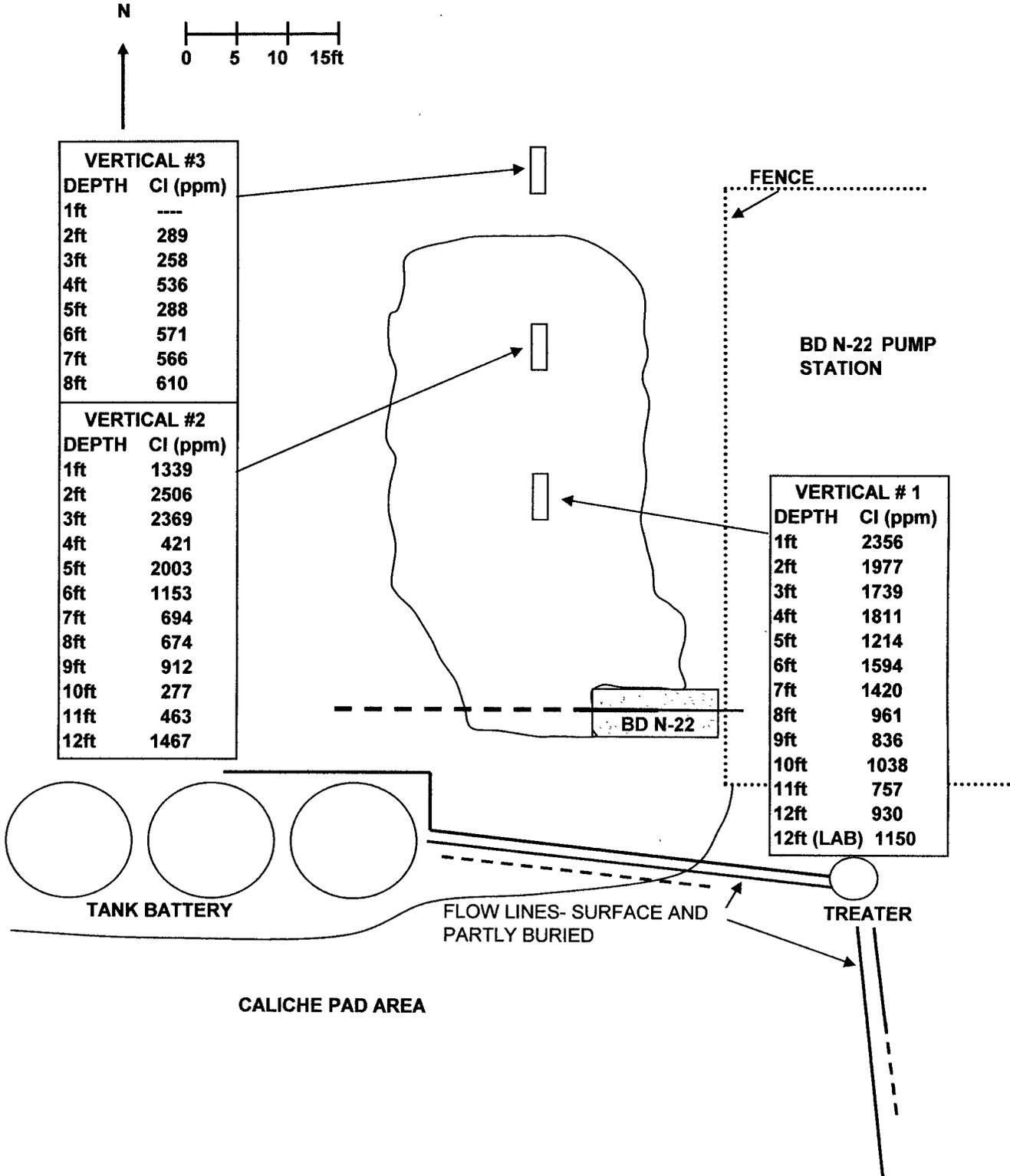


BLENDING BACKFILL

BD N-22 LEAK

UL/N SEC 22 T-22-S R-37-E 12bbbls LOST/8bbbls REC GW 67-74ft LANDOWNER: W.E. JOHNSTON

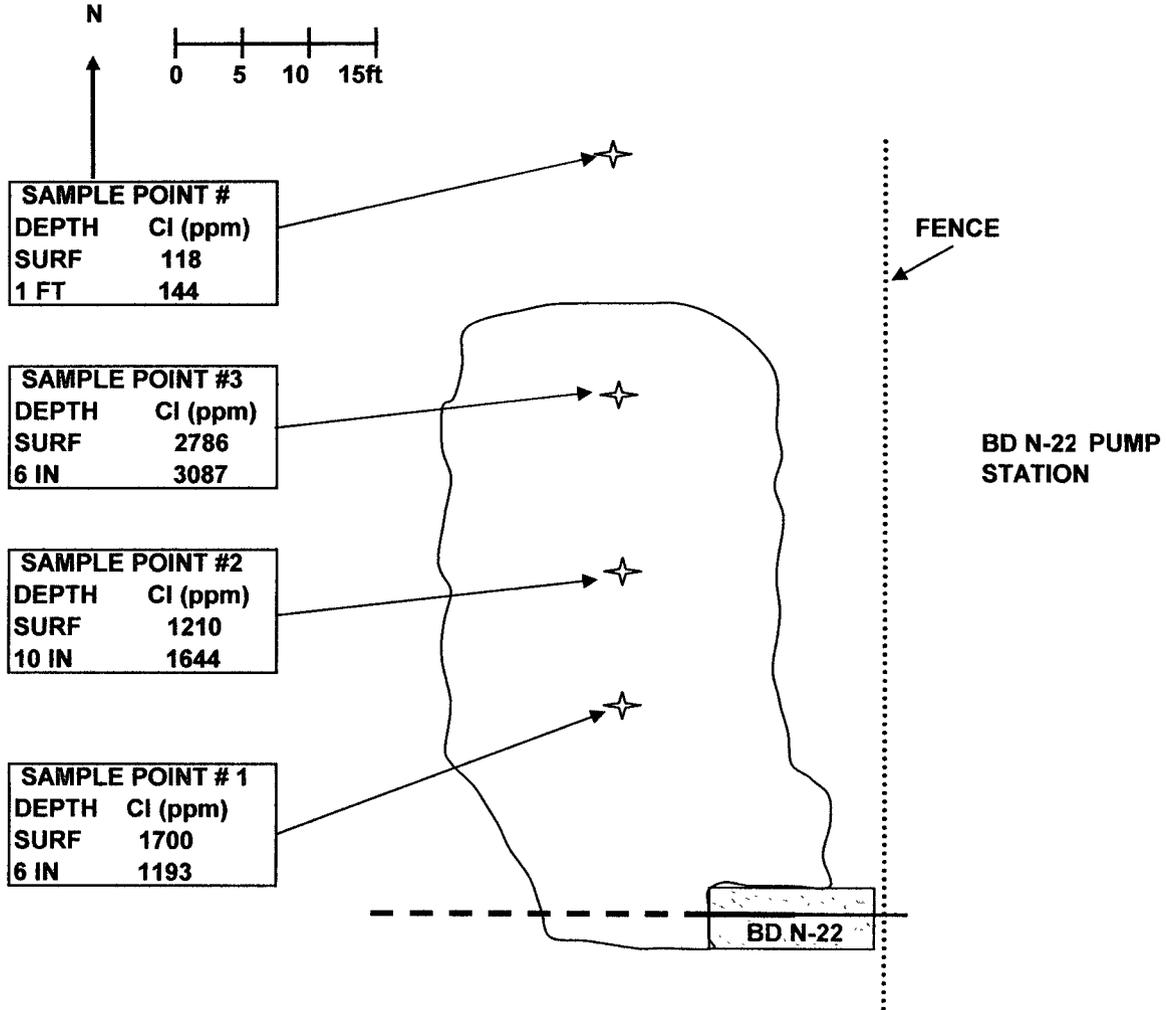
VERTICAL TRENCH DATA AFTER SCRAPE



BD N-22 LEAK

UL/N SEC 22 T-22-S R-37-E 12bbls LOST/8bbls REC GW 67-74 ft LANDOWNER: W.E. JOHNSTON

CHLORIDE VALUES (ppm) AFTER INITIAL SCRAPE

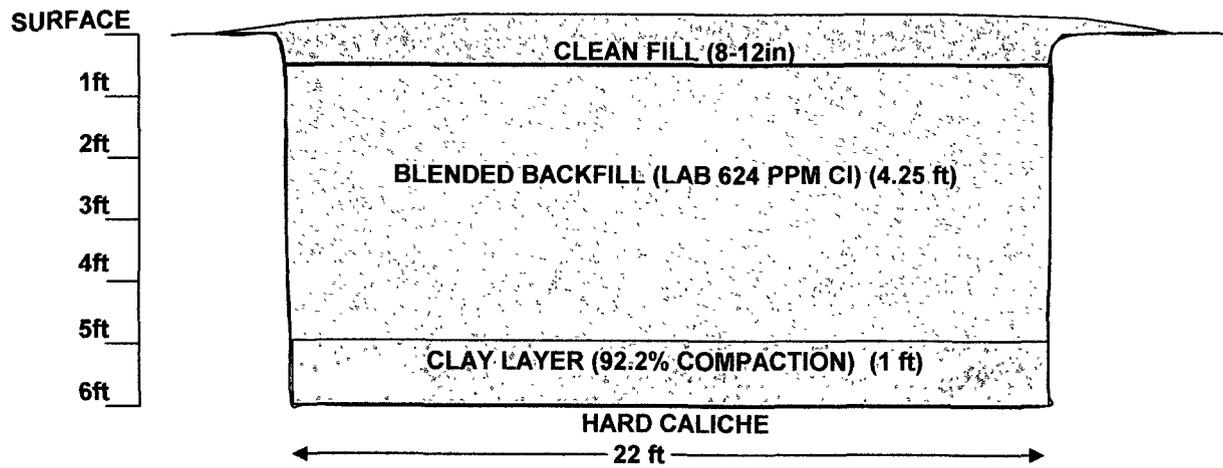


BD N-22 LEAK EXCAVATION PROFILE

UL/N SEC 22 T-22-S R-37-E GW 67-74 ft LANDOWNER: W.E. JOHNSTON

E

W



EXCAVATION 22 ft X 38 ft



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CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Company Name: RICE OPERATING		BILL TO		ANALYSIS REQUEST																			
Project Manager: HACK CONDER		P.O. #:																					
Address: 122 W TAYLOR		Company:																					
City: HOBBS State: NM Zip: 88240		Attn:																					
Phone #: 393 9174 Fax #: 393-1471		Address:																					
Project #: Project Owner:		City:																					
Project Name: BD N-22 LEAK		State: Zip:																					
Project Location:		Phone #:																					
Sampler Name: TONY GRIECO		Fax #:																					
FOR LAB USE ONLY																							
Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS													MATRIX						PRESERV.	
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID/BASE	ICE / COOL	OTHER:											
4/19/04-1	VERTICAL #1 12 FT	G	1			<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>			1/21/06	10:00 AM	<input checked="" type="checkbox"/>						

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Relinquished By: <i>[Signature]</i>	Date: 1/28/06	Received By: <i>[Signature]</i>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
Relinquished By:	Date:	Received By:	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One) Sampler - URS - Bus - Other:	Sample Condition Cool <input checked="" type="checkbox"/> Intact <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/>	CHECKED BY: <i>[Signature]</i> (Initials)	REMARKS: Email results to JPURVIS@rice.swd.com hconder@rice.swd.com tgrieco@rice.swd.com	

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