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December 10, 1999

CERTIFIED MAIL Z 463 106 265

Mr. Gary Folley
Alaska Department of Environmental Conservation
Kenai District Office
43335 Kalifornsky Beach Rd., Ste. 11
Soldotna, Alaska 99669

RECEIVED

DEC 13 1999

Department of
Environmental Conservation
KDO

Re: Kenai Gas Field, Pad 41-7 Historic Spill Discovery

Dear Mr. Folley,

On July 6, 1999 evidence of a historic spill on the east side of the Wastewater Building at Kenai Gas Field (KGF) Pad 41-7 was discovered during excavation of a trench for production lines. This discovery was verbally reported to you that day and a site visit was arranged for Wednesday, July 7, 1999. The historic spill is believed to have been the result of a spill, or spills, during the operation of this production site at KGF by Unocal. Marathon assumed operatorship of the KGF from Unocal effective December 1, 1994 and this pad has been the site of drilling and production activity since 1965.

Photographs and Description

Photographs of the site taken during the joint visit on July 7, 1999 are enclosed. The areas within the excavation that have hydrocarbon staining have been indicated on the plastic jacket. The red shaded areas indicate the hydrocarbon staining and the blue shading indicates staining from moisture in the subsurface. The staining exposed along the western face of the excavation, adjacent to the Wastewater Building, was lenticular in shape, gently tapering down at either end. The hydrocarbon staining terminated approximately 10 to 15 feet north of the building and to the south 5 to 8 feet from the southern edge of the building. Diminished hydrocarbon staining was also evident on the east face of the excavation. The trench in the photographs is approximately 24 to 30 inches deep and 8 feet in width. In addition, an as-built survey of Pad 41-7 is enclosed for your use.

1. View looking northward along the length of the trench. The dark area in the trench adjacent to the wastewater building is hydrocarbon staining. Beyond the foreground the dark areas are created by moisture in the subsurface. Diminished staining was present on the opposite side (east) in the trench.
2. View looking to south. Decreased staining present in the floor and south wall of the excavation.

3. View looking west of the northeast corner of the Wastewater Building. Staining present immediately below the surface and into the base of the excavation.
4. Close in view of the east side of the Wastewater Building, looking west, along the north side of the building, area with heaviest staining.

File Review

During the site visit on July 7, 1999 ADEC requested that MOC conduct a review of the record of spills for Pad 41-7. An examination of the Marathon files has not discovered any spill reports for the pad since the assumption of operatorship by Marathon. A review of the Alaska Department of Environmental Conservation (ADEC) spill files for Unocal and the Kenai Gas Field was conducted on two separate occasions: October 14; and, November 10, 1999. The following information for KGF Pad 41-7 was developed as a result of these visits.

1. October 21, 1986 Spill Number: 86-23-01-294-01

A spill of 7 barrels (approximately 294 gal.) of condensate and produced water spilled from the tank in the Wastewater Building. The spill emptied onto the pad from the building via a drain line. The report states that 42 bags of hydrocarbon-contaminated soil were moved to KGF 43-32.

2. September 6, 1991 Spill Number: 91-23-1-250-1

Fifteen gallons of produced water, comprised of 10% condensate, was released at Pad 41-7. The records do not state that there was any recovery of the spilled fluid nor was a specific location on the pad provided.

3. June 3, 1992 Spill Number: 92-23-09-155-01

A glycol spill, totaling 21 gallons, spilled from a leaking container onto Pad 41-7 in an unknown location. The type of glycol was not identified, i.e. ethylene glycol or triethylene glycol. No cleanup of the spill was indicated.

4. June 25, 1993 Spill Number: 93-23-1-145-2

A spill of 100 gallons of diesel from a Veco truck occurred on Pad 41-7. A letter from Clean Soils, Inc. states that 5 tons of soil that had been removed from this site

was thermally remediated. Analytical information supporting soil remediation was attached with the cover letter. The ADEC file does not include a map of the spill location nor confirmation sampling to confirm cleanup of the affected area. The spill was reported to have taken place at the "box plant" and is a term that none of the current employees are familiar with.

None of the above spills had letters of closure documenting ADEC satisfaction with the cleanup. Consequently, all of these appear to be "active" files.

Recent Discovery

On Monday, November 8, 1999, during installation of new communication lines onto Pad 41-7, hydrocarbon odor was detected in the shallow trench excavated for the lines. Marathon verbally reported this additional discovery to the ADEC on that date. Odor was detected in the soil just after excavating through the elevated pad perimeter, continuing to the control building located approximately 125 feet from the west edge of the pad, see attached Pad 41-7 as-built. The trench was approximately 8 to 10 inches in width and 1 to 1.5 feet deep. The trench was backfilled as the cables were laid and an inspection of the area on November 10, 1999 found no stained soil or odor.

The ADEC file examination did not indicate whether any spills occurred within this area. The possibility exists that this odor may be due to an abandoned production sump that existed north of this location. The sump was in use in the 1970s for produced water and this practice was terminated in the early 1980s. The location was backfilled and incorporated into the current pad.

Proposed Site Assessment Schedule

Marathon proposes that site assessment for these particular discoveries be delayed until the year 2001. The justification for the delay is due to the drilling program scheduled on Pad 41-7 that will commence either late in the first or early in the second quarter of 2000. Upon completion of the drilling phase the wells are scheduled for production testing. This activity and hook-up of the production equipment will continue to require support equipment and materials onsite during the summer season. Storage area is limited at Pad 41-7 and staging of materials and support equipment will be in the available areas that include those areas to be assessed. While not scheduled at this time, the possibility of conducting additional work-over projects on wells at Pad 41-7 is being considered and this would further lengthen the duration of operations on this pad. Consequently, it is anticipated that drilling and ancillary support services will continue through summer 2000 at this time.

Marathon has submitted a work plan to conduct an assessment of an area on the

southern margin of the pad that was discovered to have soil with hydrocarbon odor. This spill discovery was reported by Marathon separately and has been assigned ADEC spill No. 99-23-01-267-01 by Mr. Donald Seagren. This assessment can be undertaken without interfering with the planned operations.

Marathon requests that the ADEC approve a one-year delay for the assessment of KGF Pad 41-7 until the summer field season of 2001. Presently, the locations on the pad with hydrocarbon odor and staining appear to be from historic events. No visible evidence of offsite effects in the wetlands has been noted in the areas adjacent to the west and southwest limits of the pad. If you have any questions please contact me at (907) 564-6435.

Sincerely,



Charles A. Underwood, Jr.
HES Professional

Enclosures: Photographs: KGF Pad 41-7, July 7, 1999
KGF Pad 41-7 As-built Survey

cc: W.C. Barron, w/o enclosure
R. J. Menzie, Jr., w/o enclosure
D. R. Erwin - KGF, w/o enclosure
File - 340.90.6 w/enclosure

COOK INLET		KALIFORNIA BEACH ROAD	
12	13	14	15
16	17	18	19

SCALE 1" = 200' MAP MONUMENT MAP

LEGEND

- ⊕ GLO/BLM monument found this survey
- Found rebar (R) as indicated
- ⊙ Found 2 1/2" brass capped monument
- ⊖ Power Pole
- ⊕ Light Pole
- ⊙ Existing well christmas tree
- ⊙ Monitor Well
- ⊙ Valve
- Piping continues underground
- ⊖ Electric Junction box
- ⊖ Area of expected pooling
- ⊖ Expected drainage flow

ABBREVIATIONS

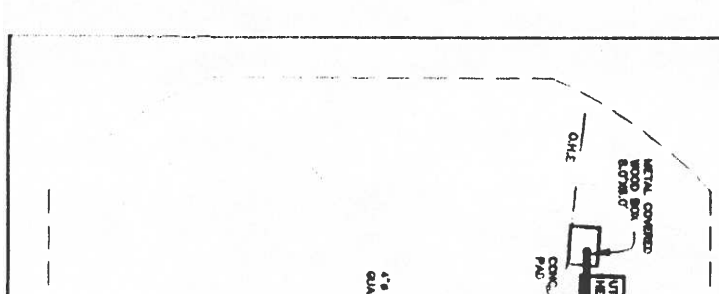
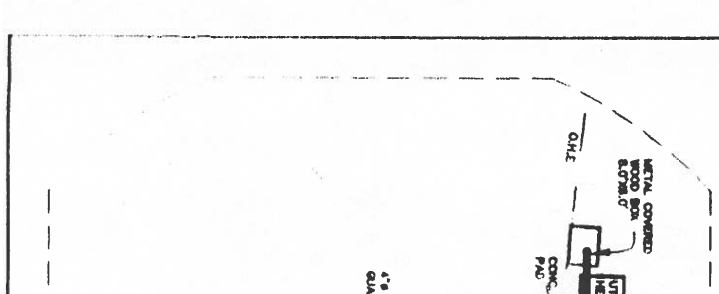
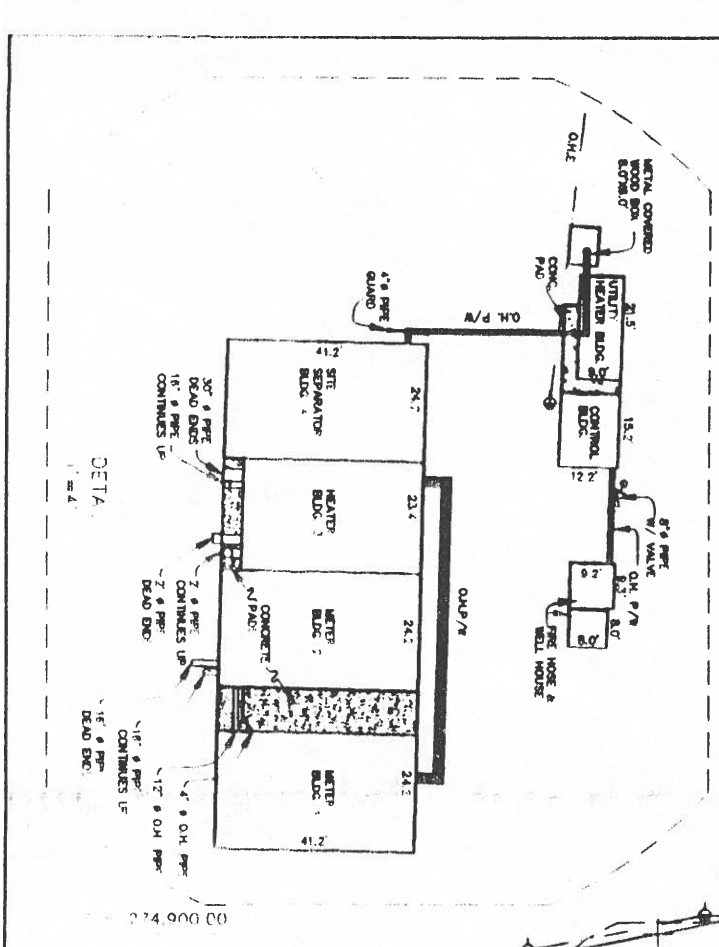
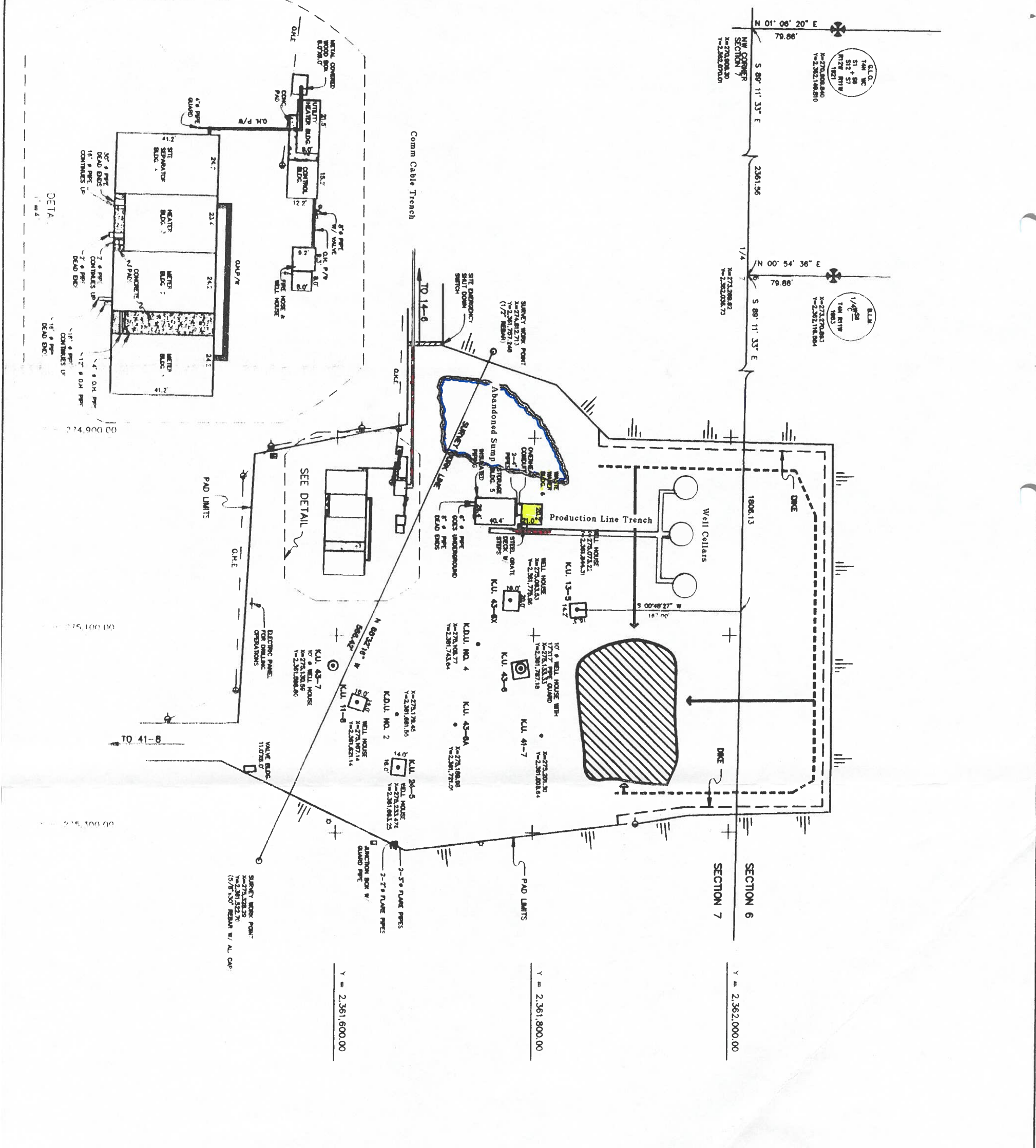
O.H.E. OVERHEAD ELECTRIC
D.H.F.W. OVERHEAD FLOW

NOTES

- 1) Elevations at the top of pole for monitoring wells were taken with cover off or open.
- 2) Reference datum is mean sea level = 0.00 for elevations shown.
- 3) All bearings are grid unless noted otherwise.
- 4) Base of Coordinates is U.S.C. & G.S. Tn. Station AUDRY, T. R. A.S.P. Zone 4, (NAD 27) Average convergence of points shown -01'05.03"
- 5) ADPRY location:
Lat. 60°30'50.5597"N
Long. 151°16'37.445"W
X=289,866.75
Y=2,362,045.42
- 6) T.B.M. 81-31-16 spike in p.e. GS 3210 elev. 65.68 M.S.



MOLANE CONSULTING GROUP		Marathon Oil Company	
SOLDOTNA, ALASKA 99585		KENAI GAS FIELD PAD AS-BUILT SURVEY	
PROJECT NO. 033198	DATE OF SURVEY 11/28/04	SCALE 1" = 200'	PROJECT NO. 033198
DRAWING NO. 5904107	DATE 11/28/04	KENAI GAS FIELD PAD 41-7	
DRAWN BY: [Signature]		CHECKED BY: [Signature]	
ENGINEER APPROVAL: [Signature]		DATE: [Signature]	



STYLE NO. 57-4P

July 7, 1999

P.O. BOX 607638 • ORLANDO, FL 32860 • (407) 886-3100
Marathon Oil Company
Kenai Gas Field Pad 41-7

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