

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: PST Reimbursements - Standard Operating Procedures File
Date: April 28, 2003

From: Frederick Meyers, Manager, PST Reimbursements

Subject: Reimbursing for Installation of Borings or Monitor Wells using Type I, Type II, Type III Drilling Rigs.

Objective: To assure uniform treatment of pre-approved drilling costs associated with requests for reimbursement in first time claims and protests filed with regard to the installation of borings or monitor wells.

Background: The Reimbursable Cost Guidelines (RCGs) specify maximum allowable drilling rates for various types of borings and monitor well installations. The RCGs differentiate between several types of drilling methods: augering, air or mud rotary, or direct push. The RCG's cost differentials are dependent upon the type of drilling machinery used to perform the task. With respect to reimbursable costs, air rotary drilling is allowed the highest rates and direct push drilling the lowest.

Given that a large percentage of borings and monitor wells drilled in Texas occur in shallow (<40 feet deep) relatively unconsolidated soil, smaller, more efficient drilling rigs have been introduced in the market. Advantages of using these rigs include being able to perform drilling tasks in areas which larger rigs cannot access and being able to operate at a less expensive rate due to having lower associated capital, operational, and maintenance costs. A disadvantage of these smaller rigs, however, is that they are limited in sampling capabilities and boring depths, compared to large rigs.

Policy for New Claims

Defining Drilling Equipment Categories:

TYPE I Rigs: A large truck-mounted (e.g., a 2.5 ton or larger rated chassis) drilling rig (e.g., Mobile's Model B-61) of sufficient size producing sufficient torque at the kelly to drill a ten-inch diameter borehole to 50 feet deep or deeper using a hollow-stem auger. Additionally, this drill rig must; be capable of performing continuous sampling using a core barrel; must be capable of obtaining blow counts with a split spoon sampler, and; have a crown block at the top of the mast with proper winch lines to allow the use of a 140 pound sample hammer. Typically, these rigs will be manned by a three-man crew with an accompanying trailer and pickup truck for hauling supplies and equipment.

TYPE II Rigs: A smaller, typically trailer mounted, drilling rig capable of turning a solid flight auger, but not having the capability of coring continuously and not having the capability to obtain blow counts (no crown block and winch lines). These drill rigs are typically mounted on trailers being pulled by a vehicle such as a one-ton flat bed truck.. Equipment and supplies are usually loaded in the truck or the drill rig

trailer. Typically, these rigs will be manned by a two-man crews.

TYPE III Rigs: Small drilling rigs of a type typically mounted a vehicle such as a three-quarter ton flat bed truck This type of drill rig is only capable of direct push drilling and sampling. The maximum well installation capability of these rigs is typically restricted to the installation of, for example, a one-inch diameter, temporary monitor well.

REIMBURSEMENT POLICY:

TYPE I Rigs: Standard RCG rates for well and boring installation for augering and rotary drilling.

TYPE II Rigs: Drilling rates will be reimbursed up to 65% of Standard RCG rate. The reimbursable rate will be determined by obtaining the RCG rate for well installation, excluding mob-demo, mileage, per diem, and supplies and multiplying that rate by 65%. Mob-demob, additional mileage, per diem, and supplies will be added to this rate. This method will be applied regardless of the number of borings or well installed.

If an applicant can demonstrate in writing that the cost of utilizing a Type II drilling rig is higher than what is calculated by this process, due to the location of the drilling site, for instance then reimbursement will be considered at the higher rate. Any additional amount requested on this basis will be held, pending the receipt and evaluation by the agency of such documentation.

TYPE III Rigs: Standard RCG rates for temporary well and boring installation using direct push methods.

EFFECTIVE DATE OF IMPLEMENTATION

As of February 20, 2003, claims containing drilling costs using Type II rigs will have 35% of the boring or well installation costs held, as specified for Type II Rigs in the previous section of this SOP entitled "Reimbursement Policy".