

1R - 423-0

**GENERAL
CORRESPONDENCE**

YEAR(S):

2005

RICE Operating Company

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

**CERTIFIED MAIL
RETURN RECEIPT NO. 7002 2410 0000 4940 1664**

January 14, 2005

Mr. Roger Anderson
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

**RE: NOTIFICATION OF GROUNDWATER IMPACT
JUSTIS JCT. L-1
UNIT 'L', SEC. 1, T25S, R37E**

Mr. Anderson:

Rice Operating Company (ROC) takes this opportunity to notify the Director of the NMOCD, Environmental Bureau of groundwater impact in accordance with NM Rule 116. The remediation of this site may fall under NM Rule 19 procedures.

The following work at this junction box site was performed in accordance with the NMOCD-approved Investigation Work Plan submitted by Highlander Environmental Corp. (Highlander) of Midland, Texas. A delineation soil bore was initiated on 12/9/2004 where groundwater was encountered at 75 feet and a 2-inch monitoring well was installed to a depth of 90 feet as chloride impact was indicated by field tests. The well was sampled pursuant to NMOCD guidelines by Highlander on 12/21/2004. Environmental Lab of Texas performed the analysis that confirmed WQCC limits were exceeded. Highlander will continue to sample the well quarterly in 2005.

ROC is the service provider (operator) for the Justis Salt Water Disposal System and has no ownership of any portion of the pipelines, wells, or facilities. The Justis System is owned by a consortium of oil producers, System Partners, who provide all operating capital on a percentage ownership/usage basis. Environmental remediation projects of this magnitude require System Partner AFE approval and work begins as funds are received.

Highlander will conduct further site characterization in order to develop a Corrective Action Plan (CAP) for this site. Please accept this notification for the above-referenced

site. Should you have any questions or concerns regarding this site, please do not hesitate to contact me.

RICE OPERATING COMPANY

A handwritten signature in black ink that reads "Kristin Farris Pope". The signature is written in a cursive, flowing style.

Kristin Farris Pope
Project Scientist

cc: LBG, CDH, Highlander, file

Mr. Chris Williams
NMOCD, District 1 Office
1625 N. French Drive
Hobbs, NM 88240

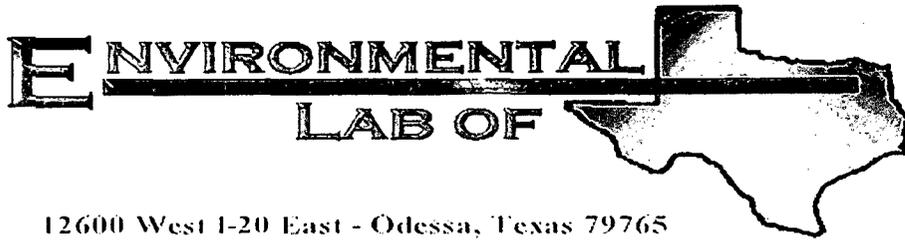
enclosures: water analysis, well log, map

LOG OF BORING
 K. Farris Pope
 RICE Operating Company

Logger:	Ike Tavarez; Mort Bates	Client:	RICE Operating Company	Well ID: MW-1
Driller:	Atkins Engineering Associates, Inc.	Project Name:	L-1 vent	
Drilling Method:	4.25 in. Hollow Stem Auger	Location:	JUSTIS SWD System	
Start Date:	12/9/2004		unit 'L', Sec. 1, T25S, R37E	
End Date:	12/10/2004		Lea County, NM	
Notes:	at former junction box site TD = 90 ft Groundwater = 75 ft			

Depth (feet)	chloride lab tests	OMV	Description	Lithology	Well Construction
0					4-in. x 4-in. x 5 ft well cover
1					2 x 2 ft concrete pad on surface
2			0 - 6 ft SILTY SAND w/CALICHE loose, tan, dry		
3					2-in. sch. 40 PVC casing
4					
5		0.0			
6					
7					
8					
9			6 - 13 ft SILTY SAND w/CALICHE loose, light tan, damp		
10		0.0			
11					
12					
13					
14					
15	4890	0.0			
16					
17					
18			13 - 24 ft CLAYEY SAND w/CALICHE loose, tan to white, damp		
19					
20	3100	0.0			
21					
22					
23					
24					
25	5440	0.0			
26					
27			24 - 30 ft CLAYEY SAND loose, reddish tan, damp		
28					
29					
30	2340	0.0			
31					
32					
33			30 - 36 ft CLAYEY SAND w/BROKEN SANDSTONE firm, tan, dry		
34					
35	2040	0.0			
36					
37					
38					
39					
40	2980	1.0	36 - 45 ft CLAYEY SAND loose, tan, dry		
41					
42					
43					
44					
45	3400	1.0			
46					
47					
48			45 - 52 ft POORLY GRADED SAND loose, tan, dry		
49					
50	2420	0.0			
51					
52					
53					
54			52 - 55 ft SILTY SAND loose, tan, dry		
55	2170	1.0			
56					
57			55 - 59 ft SILTY SAND loose, reddish tan, damp		
58					
59					
60	3250	1.0			
61					
62					
63					
64					
65	4130	0.0	59 - 74 ft SILTY SAND w/BROKEN SANDSTONE firm, tan and white, damp		
66					
67					
68					
69					
70	1870	1.0			
71					
72					
73					
74					
75		1.0			
76					
77					
78					
79					
80					
81					
82			74 - 90 ft SILTY FLOWING SAND soft, reddish brown, wet		
83					
84					
85					
86					
87					
88					
89					
90					

TPH lab tests were performed on 15, 40, and 70 ft samples; all yielded non-detect levels (<10 ppm)



12600 West I-20 East - Odessa, Texas 79765

Analytical Report

Prepared for:

Ike Tavaréz

Highlander Environmental Corp.

1910 N. Big Spring St.

Midland, TX 79705

Project: Rice / Justice L-1

Project Number: 2142

Location: Lea County, NM

Lab Order Number: 4L22019

Report Date: 01/03/05

Highlander Environmental Corp. 1910 N. Big Spring St. Midland TX, 79705	Project: Rice / Justice L-1 Project Number: 2142 Project Manager: Ike Tavaréz	Fax: (432) 682-3946 Reported: 01/03/05 17:51
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ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
MW-1	4L22019-01	Water	12/21/04 10:00	12/22/04 15:13

Highlander Environmental Corp. 1910 N. Big Spring St. Midland TX, 79705	Project: Rice / Justice L-1 Project Number: 2142 Project Manager: Ike Tavaréz	Fax: (432) 682-3946 Reported: 01/03/05 17:51
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Organics by GC
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
MW-1 (4L22019-01) Water									
Benzene	0.0158	0.00100	mg/L	1	EL43007	12/29/04	12/30/04	EPA 8021B	
Toluene	ND	0.00100	"	"	"	"	"	"	
Ethylbenzene	0.00209	0.00100	"	"	"	"	"	"	
Xylene (p/m)	ND	0.00100	"	"	"	"	"	"	
Xylene (o)	ND	0.00100	"	"	"	"	"	"	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		97.2 %	80-120		"	"	"	"	
<i>Surrogate: 4-Bromofluorobenzene</i>		95.1 %	80-120		"	"	"	"	

Highlander Environmental Corp.
1910 N. Big Spring St.
Midland TX, 79705

Project: Rice / Justice L-1
Project Number: 2142
Project Manager: Ike Tavarez

Fax: (432) 682-3946

Reported:
01/03/05 17:51

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

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
MW-1 (4L22019-01) Water									
Total Alkalinity	206	2.00	mg/L	1	EL42907	12/29/04	12/29/04	EPA 310.2M	
Chloride	1060	5.00	"	"	EL42912	12/29/04	12/29/04	EPA 325.3M	
Total Dissolved Solids	2620	5.00	mg/kg	"	EL42801	12/27/04	12/28/04	EPA 160.1	
Sulfate	550	5.00	mg/L	10	EL42909	12/29/04	12/29/04	EPA 375.4	

Highlander Environmental Corp.
1910 N. Big Spring St.
Midland TX, 79705

Project: Rice / Justice L-1
Project Number: 2142
Project Manager: Ike Tavaréz

Fax: (432) 682-3946

Reported:
01/03/05 17:51

Total Metals by EPA / Standard Methods
Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
MW-1 (4L22019-01) Water									
Calcium	381	1.00	mg/L	100	EA50301	12/29/04	12/30/04	EPA 6010B	
Magnesium	143	0.100	"	"	"	"	"	"	
Potassium	14.4	0.500	"	10	"	"	"	"	
Sodium	477	1.00	"	100	"	"	"	"	

Highlander Environmental Corp.
1910 N. Big Spring St.
Midland TX, 79705

Project: Rice / Justice L-1
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Project Manager: Ike Tavaréz

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Reported:
01/03/05 17:51

Organics by GC - 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 EL43007 - EPA 5030C (GC)

Blank (EL43007-BLK1)

Prepared: 12/29/04 Analyzed: 12/30/04

Benzene	ND	0.00100	mg/L							
Toluene	ND	0.00100	"							
Ethylbenzene	ND	0.00100	"							
Xylene (p/m)	ND	0.00100	"							
Xylene (o)	ND	0.00100	"							
Surrogate: a,a,a-Trifluorotoluene	90.9		ug/l	100		90.9	80-120			
Surrogate: 4-Bromofluorobenzene	80.2		"	100		80.2	80-120			

LCS (EL43007-BS1)

Prepared: 12/29/04 Analyzed: 12/30/04

Benzene	87.9		ug/l	100		87.9	80-120			
Toluene	88.5		"	100		88.5	80-120			
Ethylbenzene	97.5		"	100		97.5	80-120			
Xylene (p/m)	219		"	200		110	80-120			
Xylene (o)	111		"	100		111	80-120			
Surrogate: a,a,a-Trifluorotoluene	109		"	100		109	80-120			
Surrogate: 4-Bromofluorobenzene	119		"	100		119	80-120			

Calibration Check (EL43007-CCV1)

Prepared: 12/29/04 Analyzed: 12/30/04

Benzene	87.8		ug/l	100		87.8	80-120			
Toluene	89.0		"	100		89.0	80-120			
Ethylbenzene	95.3		"	100		95.3	80-120			
Xylene (p/m)	213		"	200		106	80-120			
Xylene (o)	104		"	100		104	80-120			
Surrogate: a,a,a-Trifluorotoluene	113		"	100		113	80-120			
Surrogate: 4-Bromofluorobenzene	116		"	100		116	80-120			

Matrix Spike (EL43007-MS1)

Source: 4L22009-05

Prepared: 12/29/04 Analyzed: 12/30/04

Benzene	88.6		ug/l	100	ND	88.6	80-120			
Toluene	85.4		"	100	ND	85.4	80-120			
Ethylbenzene	87.9		"	100	ND	87.9	80-120			
Xylene (p/m)	186		"	200	ND	93.0	80-120			
Xylene (o)	94.2		"	100	ND	94.2	80-120			
Surrogate: a,a,a-Trifluorotoluene	107		"	100		107	80-120			
Surrogate: 4-Bromofluorobenzene	119		"	100		119	80-120			

Environmental Lab of Texas

The results in this report apply to the samples analyzed in accordance with the samples received in the laboratory. This analytical report must be reproduced in its entirety, with written approval of Environmental Lab of Texas.

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Highlander Environmental Corp.
 1910 N. Big Spring St.
 Midland TX, 79705

Project: Rice / Justice L-1
 Project Number: 2142
 Project Manager: Ike Tavaréz

Fax: (432) 682-3946

Reported:
 01/03/05 17:51

Organics by GC - 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 EL43007 - EPA 5030C (GC)

Matrix Spike Dup (EL43007-MSD1)

Source: 4L22009-05

Prepared: 12/29/04

Analyzed: 12/30/04

Benzene	92.9		ug/l	100	ND	92.9	80-120	4.74	20	
Toluene	86.0		"	100	ND	86.0	80-120	0.700	20	
Ethylbenzene	87.2		"	100	ND	87.2	80-120	0.800	20	
Xylene (p/m)	164		"	200	ND	82.0	80-120	12.6	20	
Xylene (o)	86.7		"	100	ND	86.7	80-120	8.29	20	
Surrogate: a,a,a-Trifluorotoluene	112		"	100		112	80-120			
Surrogate: 4-Bromofluorobenzene	117		"	100		117	80-120			

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 EL42801 - 413.1

Blank (EL42801-BLK1)

Prepared: 12/27/04 Analyzed: 12/28/04

Total Dissolved Solids	ND	5.00	mg/kg							
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Duplicate (EL42801-DUP1)

Source: 4L22019-01

Prepared: 12/27/04 Analyzed: 12/28/04

Total Dissolved Solids	2480	5.00	mg/kg		2620			5.49	20	
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Batch EL42907 - General Preparation (WetChem)

Blank (EL42907-BLK1)

Prepared & Analyzed: 12/29/04

Total Alkalinity	ND	2.00	mg/L							
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Duplicate (EL42907-DUP1)

Source: 4L22002-01

Prepared & Analyzed: 12/29/04

Total Alkalinity	181	2.00	mg/L		182			0.551	20	
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Reference (EL42907-SRM1)

Prepared & Analyzed: 12/29/04

Carbonate Alkalinity	0.0501		mg/L	0.0500		100	80-120			
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Batch EL42909 - General Preparation (WetChem)

Blank (EL42909-BLK1)

Prepared & Analyzed: 12/29/04

Sulfate	ND	0.500	mg/L							
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Calibration Check (EL42909-CCV1)

Prepared & Analyzed: 12/29/04

Sulfate	48.9		mg/L	50.0		97.8	80-120			
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Duplicate (EL42909-DUP1)

Source: 4L21010-01

Prepared & Analyzed: 12/29/04

Sulfate	96.6	1.00	mg/L		99.8			3.26	20	
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Highlander Environmental Corp. 1910 N. Big Spring St. Midland TX, 79705	Project: Rice / Justice L-1 Project Number: 2142 Project Manager: Ike Tavaréz	Fax: (432) 682-3946 Reported: 01/03/05 17:51
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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 EL42912 - General Preparation (WetChem)

Blank (EL42912-BLK1)				Prepared & Analyzed: 12/29/04						
Chloride	ND	5.00	mg/L							
Matrix Spike (EL42912-MS1)				Source: 4L22019-01 Prepared & Analyzed: 12/29/04						
Chloride	3320	5.00	mg/L	2500	1060	90.4	80-120			
Matrix Spike Dup (EL42912-MSD1)				Source: 4L22019-01 Prepared & Analyzed: 12/29/04						
Chloride	3370	5.00	mg/L	2500	1060	92.4	80-120	1.49	20	
Reference (EL42912-SRM1)				Prepared & Analyzed: 12/29/04						
Chloride	4960		mg/L	5000		99.2	80-120			

Total Metals 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 EA50301 - 6010B/No Digestion

Blank (EA50301-BLK1)

Prepared: 12/29/04 Analyzed: 12/30/04

Calcium	ND	0.0100	mg/L							
Magnesium	ND	0.00100	"							
Potassium	ND	0.0500	"							
Sodium	ND	0.0100	"							

Calibration Check (EA50301-CCV1)

Prepared: 12/29/04 Analyzed: 12/30/04

Calcium	1.98		mg/L	2.00		99.0	85-115			
Magnesium	2.28		"	2.00		114	85-115			
Potassium	2.05		"	2.00		102	85-115			
Sodium	1.86		"	2.00		93.0	85-115			

Duplicate (EA50301-DUP1)

Source: 4L22019-01

Prepared: 12/29/04 Analyzed: 12/30/04

Calcium	496	1.00	mg/L		381			26.2	20	QR-02
Magnesium	168	0.100	"		143			16.1	20	
Potassium	17.1	0.500	"		14.4			17.1	20	
Sodium	555	1.00	"		477			15.1	20	

Highlander Environmental Corp.
 1910 N. Big Spring St.
 Midland TX, 79705

Project: Rice / Justice L-1
 Project Number: 2142
 Project Manager: Ike Tavaréz

Fax: (432) 682-3946

Reported:
 01/03/05 17:51

Total Metals 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 EA50301 - 6010B/No Digestion

Blank (EA50301-BLK1)

Prepared: 12/29/04 Analyzed: 12/30/04

Calcium	ND	0.0100	mg/L							
Magnesium	ND	0.00100	"							
Potassium	ND	0.0500	"							
Sodium	ND	0.0100	"							

Calibration Check (EA50301-CCVI)

Prepared: 12/29/04 Analyzed: 12/30/04

Calcium	1.98		mg/L	2.00		99.0	85-115			
Magnesium	2.28		"	2.00		114	85-115			
Potassium	2.05		"	2.00		102	85-115			
Sodium	1.86		"	2.00		93.0	85-115			

Duplicate (EA50301-DUP1)

Source: 4L22019-01

Prepared: 12/29/04 Analyzed: 12/30/04

Calcium	496	1.00	mg/L		381			26.2	20	QR-02
Magnesium	168	0.100	"		143			16.1	20	
Potassium	17.1	0.500	"		14.4			17.1	20	
Sodium	555	1.00	"		477			15.1	20	

Highlander Environmental Corp.
1910 N. Big Spring St.
Midland TX, 79705

Project: Rice / Justice L-1
Project Number: 2142
Project Manager: Ike Tavaraz

Fax: (432) 682-3946

Reported:
01/03/05 17:51

Notes and Definitions

QR-02 The RPD result exceeded the QC control limits; however, both percent recoveries were acceptable. Sample results for the QC batch were accepted based on percent recoveries and completeness of QC data.

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

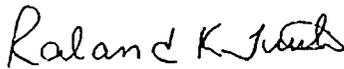
RPD Relative Percent Difference

LCS Laboratory Control Spike

MS Matrix Spike

Dup Duplicate

Report Approved By:



Date:

1/3/2005

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

Jeanne Mc Murrey, Inorg. Tech Director
James L. Hawkins, Chemist/Geologist
Sandra Sanchez, Lab Tech.

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