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Annual GW Mon. REPORTS

DATE:

2008

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December 30th, 2009

Mr. Edward Hansen
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504

RECEIVED
JAN 11 2010
Environmental Bureau
Oil Conservation Division

RE: **Annual Report - OCD Case Number 1R0479**
Rice Operating Company – Vacuum N-6-1 Junction Box, UL N Sec 6 T18S R35E

Sent via E-mail and U.S. Certified Mail: No. 7007 0710 0003 0305 3795

Dear Mr. Hansen:

This letter summarizes progress made over the past calendar year pursuant to the NMOCD approved Corrective Action Plan for this site, which is operated by Rice Operating Company (ROC). Location and site schematic maps are given in Figures 1 and 2, respectively. In brief:

- Approximately 3,400 barrels of chloride affected groundwater were removed during 2009 from a near-source recovery well (RW-1, Figures 2 and 3). This water was subsequently used for Rice SWD line and well maintenance purposes.
- Groundwater chloride concentrations in a near-source well (MW-1) continued their decline from approximately 14,000 ppm to 12,000 ppm over this period (Figure 4).

We plan to continue this present course of action through 2010.

ROC is the service provider (agent) for the Vacuum Salt Water Disposal System and has no ownership of any portion of pipeline, well or facility. The Vacuum SWD System is owned by a consortium of oil producers, System Parties, who provide all operating capital on a percentage ownership/usage basis.

Please contact either myself or Rice Operating Company if you have any questions or need additional information.

Sincerely,

L. Peter Galusky, Jr. Ph.D.

Copy: Rice Operating Company; Margaret Wolf NM OSE Roswell, NM

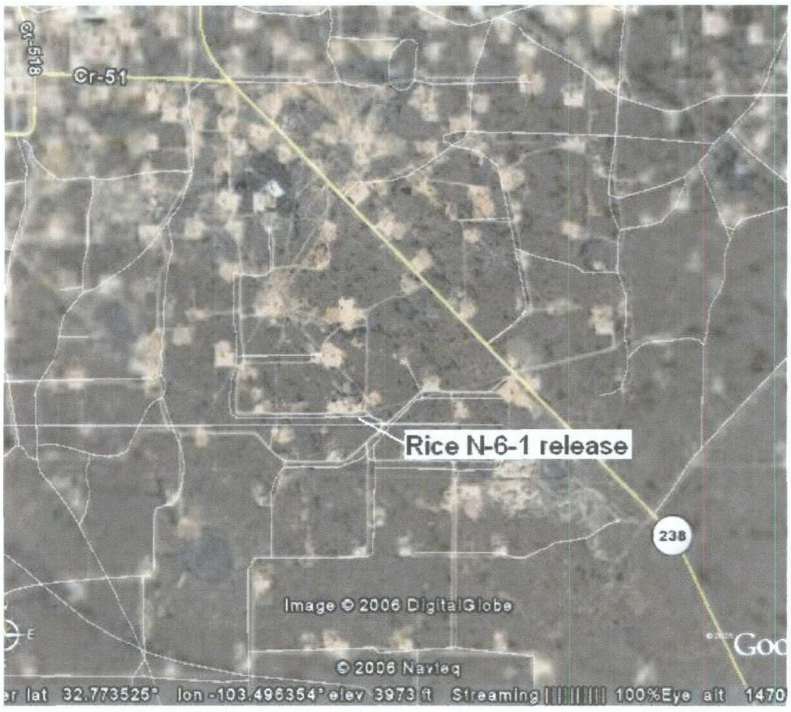

Figure 1 – Vac N-6-1 location.

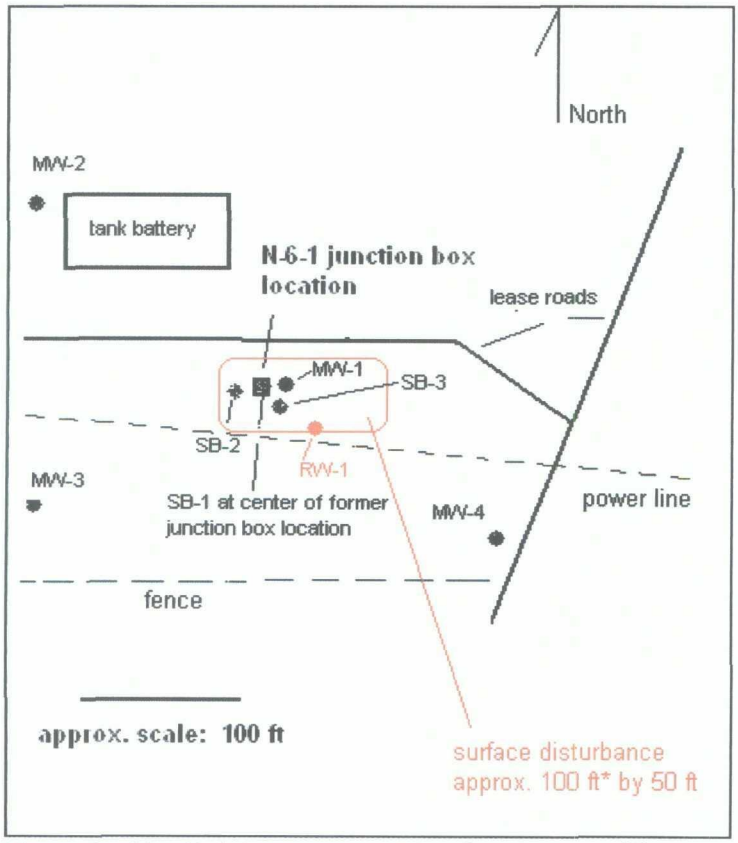

Figure 2 – Vac N-6-1 approx. monitor/recovery well locations.

Figure 3 – Vac N-6-1 solar-powered groundwater recovery system.

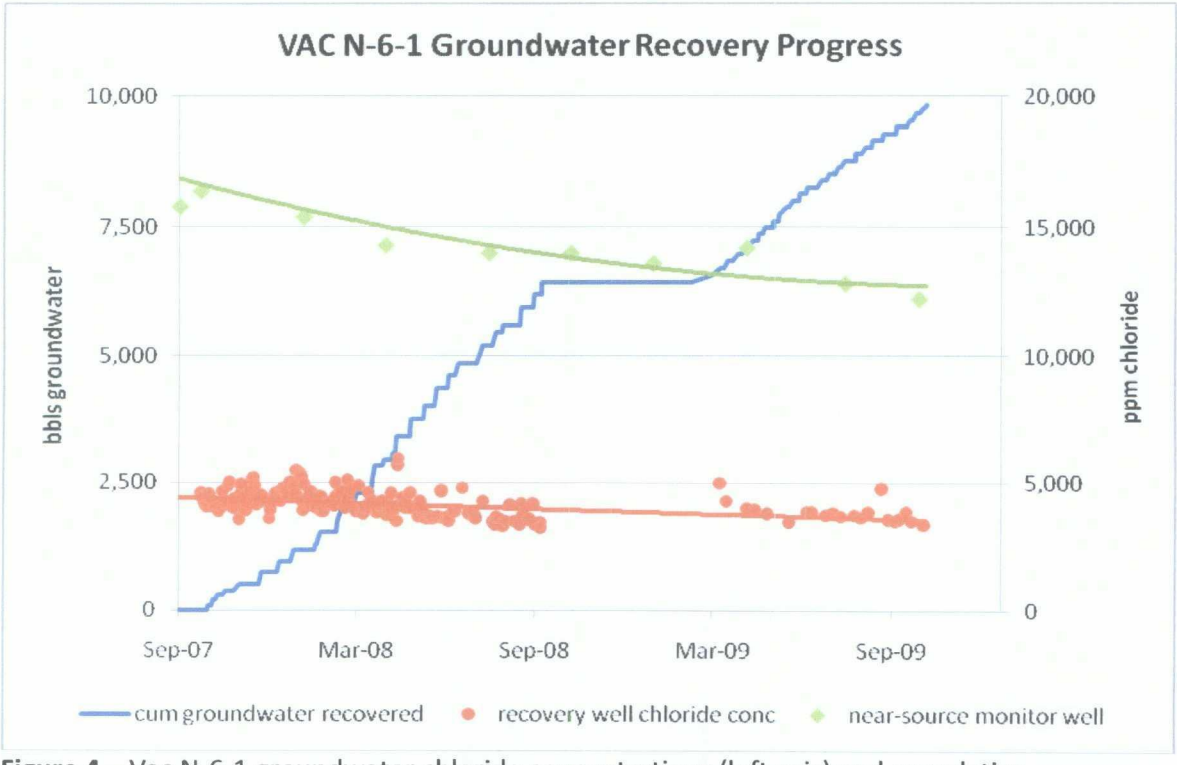

Figure 4 – Vac N-6-1 groundwater chloride concentrations (left axis) and cumulative groundwater recovery volumes (right axis).