

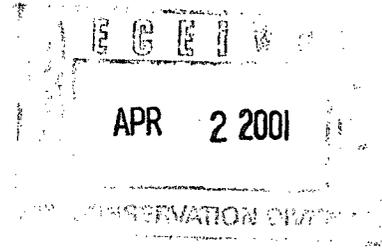
AP - 59

**F-35
WORK PLAN**

**DATE:
03-27-01**

RICE Operating Company

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



CERTIFIED MAIL
RETURN RECEIPT NO. 7099 3220 0001 9928 4447

AP59
F-35 Work plan
3-27-01

March 27, 2001

1 R 0330

Mr. Wayne Price
NM Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, NM 87504

RE: REDWOOD TANK CLOSURE PLAN FOR VACUUM SWD SITE F-35
Unit Letter F, Sec. 35, T17S, R35E NMPM
Lea County, NM

Dear Mr. Price:

Rice Operating Company (ROC) takes this opportunity to submit the replacement/closure plan for the below-grade redwood tank at the Vacuum Salt Water Disposal Well F-35, located in Unit F, Sec. 35, T17S, R35E, Lea County, NM. This facility is located on State Land.

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

Closure of the redwood tank at SWD F-35 will be done on the operation budget over a period of several months. If the environmental impact is found to be greater than anticipated, an AFE will have to be approved for extensive excavation or remediation.

The Vacuum SWD Well F-35 facility is included in the ROC generic closure plan for emergency pits and below-grade redwood tanks and is the eighth ROC-operated facility to apply under the generic plan. There is no emergency overflow pit at this facility. ROC expects to close the tank area pursuant to NMOCD guidelines and the ROC generic work plan for below-grade redwood tanks. The enclosed C-103 form addresses this intention and defines the site-specific assessment for OCD guidelines. Supporting documentation is also enclosed.

The tank facility will not be replaced at this time as the SWD Well F-35 has been temporarily abandoned. The below-grade redwood tank will be dismantled and removed. The tank materials will be properly disposed at an approved oilfield waste facility and documentation will be included in the Final Closure Report.

ROC will schedule all major events with a 48-hour advance notice to the NMOCD. The Final Closure Report will follow at the end of the project.

Thank you for your consideration of this below grade-redwood tank closure plan.

RICE OPERATING COMPANY



Carolyn Doran Haynes
Operations Engineer

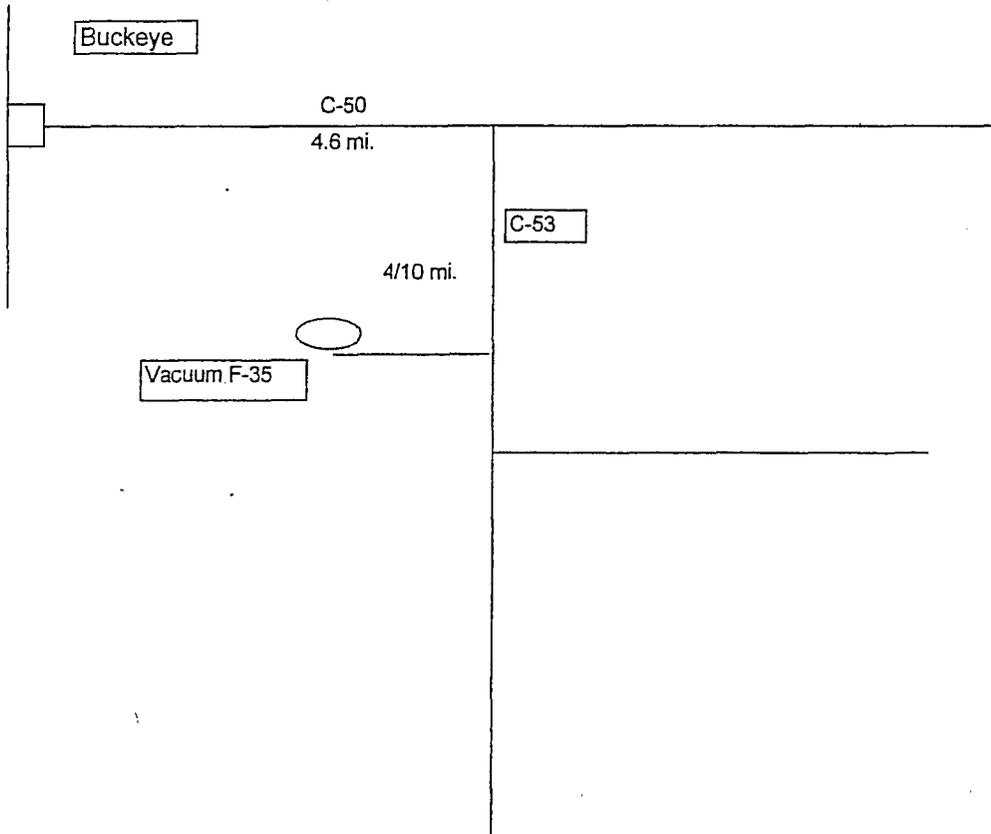
Enclosures

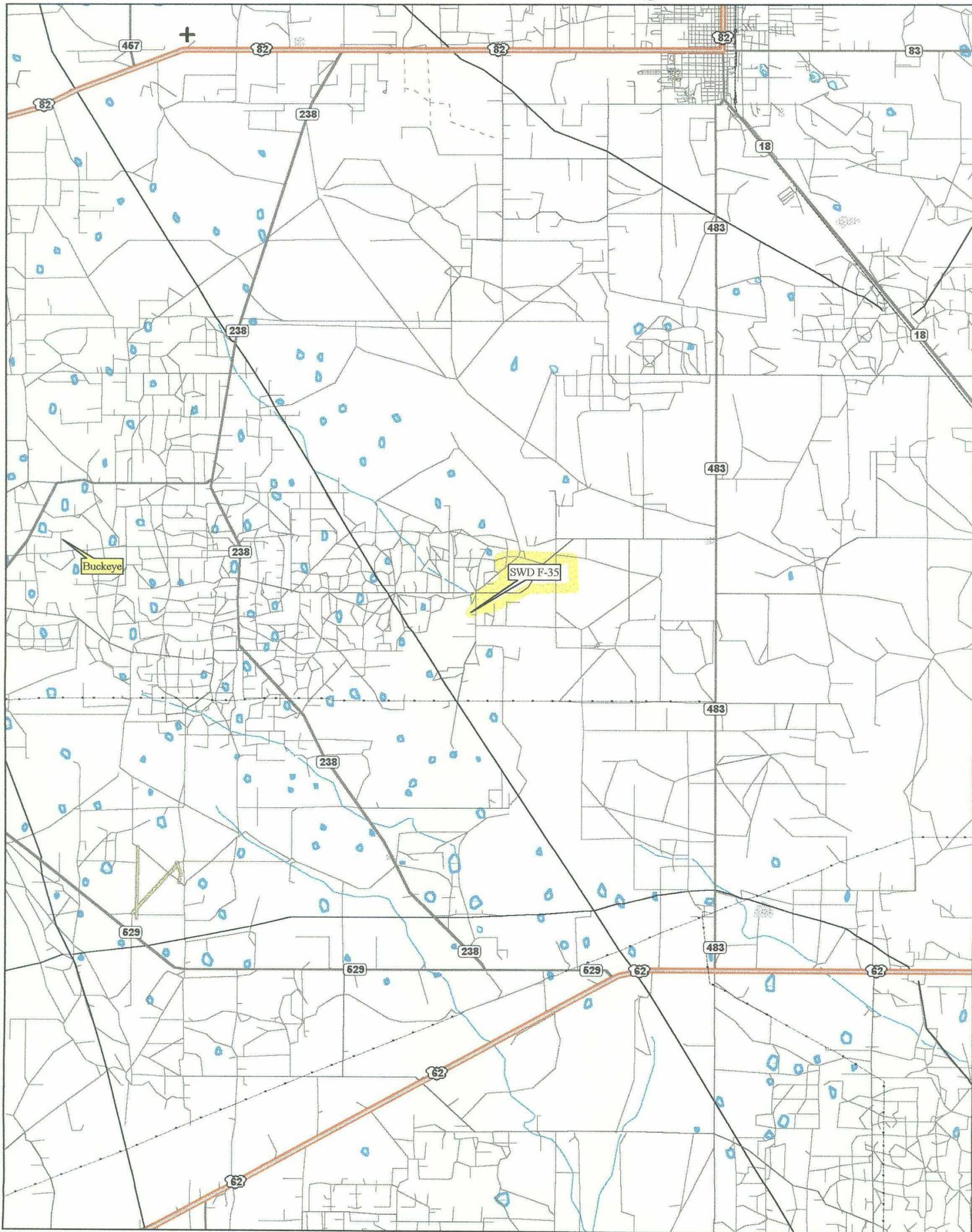
cc: LBG, file,

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

System: VACUUM
Well: F-35
Legals: 35-17S-35E

From Buckeye go east on C-50 for 4.6 miles. Turn right on C-53 and go 4/10 mile south. Turn right into location.





Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 87240
 District II
 811 South First, Artesia, NM 87210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO. 30-025-03034
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: VACUUM
8. Well No. F-35
9. Pool name or Wildcat SAN ANDRES

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other SWD Well

2. Name of Operator
 RICE OPERATING COMPANY

3. Address of Operator
 122 W. TAYLOR, HOBBS, NM 88240

4. Well Location
 Unit Letter F : 1986 feet from the NORTH line and 1982 feet from the WEST line
 Section 35 Township 17S Range 35E NMPM LEA County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3907' GL; 3920' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST / CEMENT JOB <input type="checkbox"/>
MULTIPLE COMPLETION <input type="checkbox"/>	OTHER: <input type="checkbox"/>
OTHER: Remove Below-Grade Redwood Tank <input checked="" type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

The SWD Well F-35 has been TA'd. This facility is temporarily off-line. There is no plan to replace the redwood tank at this time. Proposed work according to NMOCD approved generic closure plan for below-grade redwood tanks: Remove redwood tank and clean-up pursuant to NMOCD guidelines. Work to begin in April 2001. All major events including boring, sampling events, etc. will be coordinated to allow 48 hrs notice to NMOCD. There is not an overflow pit at this facility.

Information from the USGS groundwater database estimated depth to groundwater at 40-57' and indicate the closest well to be in Unit Letter G of Sec. 35, T17S, R35E and is more than 1000' from the facility at SWD F-25. Topographic maps show no indication of surface water bodies within 1000' of the F-35 facility. A site review indicated no water sources within 1000' of F-35.

Depth to GW: 40-57' = 20 Water Source within 1000' = 0 No surface water body within 1000' = 0
 Site Assessment = 20

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

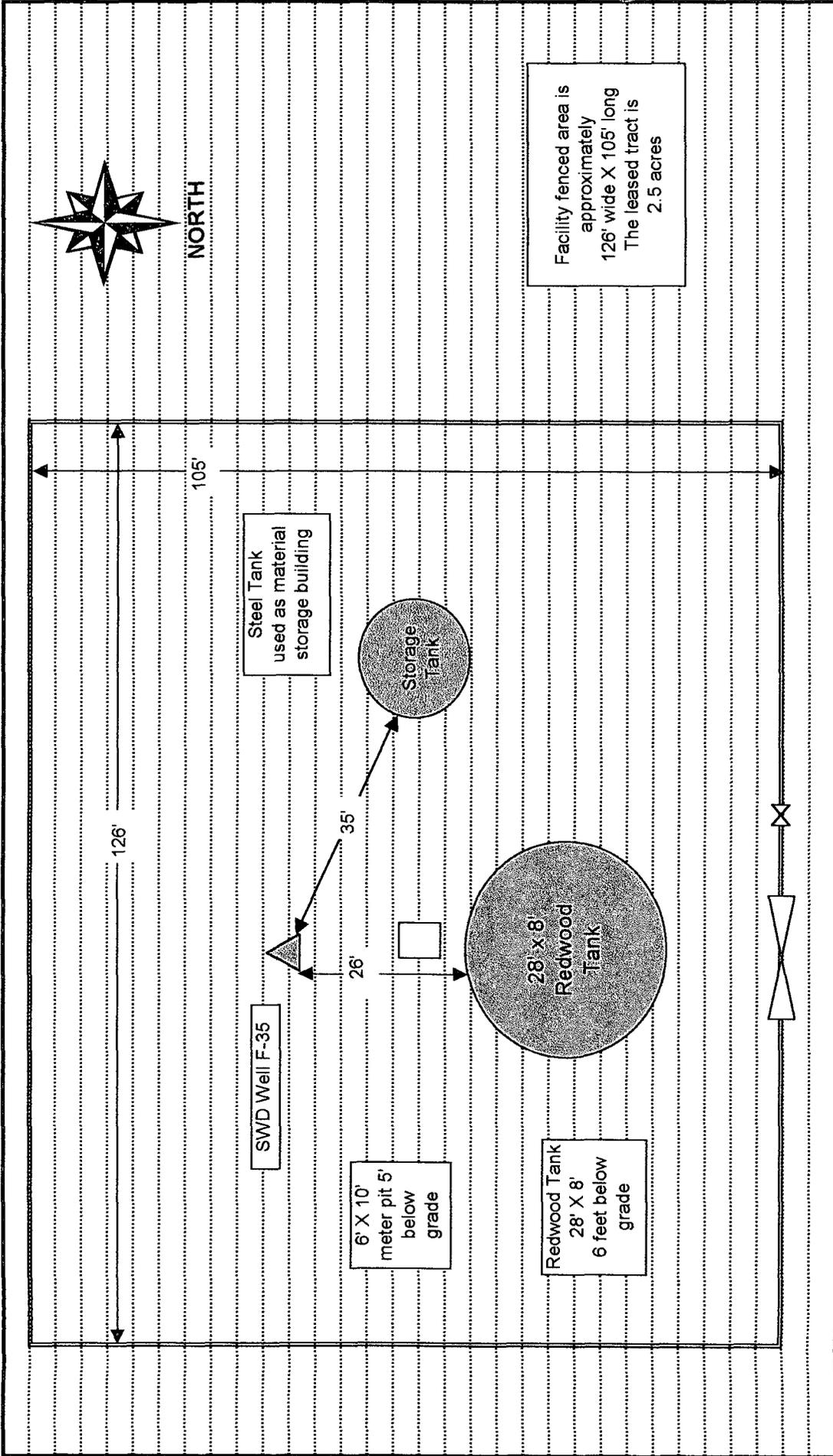
SIGNATURE Carolyn Doran Haynes TITLE OPERATIONS ENGINEER DATE 03/27/01

Type or print name CAROLYN DORAN HAYNES Telephone No. 505-393-9174

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:



Facility fenced area is approximately 126' wide X 105' long
The leased tract is 2.5 acres

<p>Rice Operating Company 122 West Taylor Hobbs, NM 88240 (505) 393-9174</p>	<p>Original Layout</p>	<p>Disposal Facility and Storage Tank Vacuum SWD Well F-35 Unit Letter F, Sec 35-T17S-R35E Lea County, New Mexico</p>
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District I - (505) 393-6161
P.O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Benzon Road
Aztec, NM 87410
District IV - (505) 827-7131

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Originated 6/27/97

Submit Original
Plus 1 Copy
to Santa Fe

PIT INVENTORY FORM

Operator: RICE OPERATING COMPANY

Address: 122 WEST TAYLOR
HOBBS, NEW MEXICO 88240

Phone Number: (505) 393-9174

Previous Operator(s): None

Is the pit permitted: Yes No

Unit Letter: F Section: 35 Township: 17S Range: 35E

County: Lea County

Location Name: Vacuum Salt Water Disposal Well F-35

Number of wells to the pit: System Terminal Tanks (Varies)

Are the wells to the pit operated by one operator or multiple operators

Total daily volume (in barrels) to the pit: 30

Pit Type: 1-Below ground redwood terminal tank
(Emergency Production, Workover, Reserve/Drilling(greater than 6 months old), Flare, Blowdown, Separator, Dehydrator, Line Drip, BS&W/Tank Bottoms, Compressor, Pigging, Washdown, or other)

What types of wastes are accepted in the pit (Exempt, Non-exempt, Both, None): Exempt(production water)

Pit age (years): 30

Is the pit lined or unlined

Type of liner (None, Synthetic, Clay): Redwood tank resting on concrete pad

Is leak detection present: Yes No Observation boxes around tanks

Is the pit netted: Yes No Covered with redwood top

Pit dimensions (LxWxD): 28'dia X 8'ht

CERTIFICATION

I hereby certify that the information submitted is true and correct to the best of my knowledge and belief.

Name: Roger Hall Title: Operations Engineer

Signature: Roger Hall Date: 10/31/97

... surface from which receives any materials other than fresh water

RICE Operating Company

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

CERTIFIED MAIL
RETURN RECEIPT NO. Z 577 009 529

February 23, 2000

Mr. Wayne Price
NM Energy, Minerals and Natural Resources Department
Oil Conservation Division, Environmental Bureau
2040 S. Pacheco
Santa Fe, NM 87505

Re: Revision: Generic Closure Plan for Existing Pits and Below-Grade Redwood Tanks

Mr. Price:

As discussed in our telephone conversation February 22, Rice Operating Company (ROC) is submitting a further revision of the generic work plan for closing redwood tanks and emergency overflow pits that are presently inventoried in the ROC-operated SWD systems in Lea County. (ROC has no ownership of pipelines, wells, or facilities. Each system is owned by a consortium of oil producers, System Partners, who provide operating capital based on percent ownership or usage. Closure projects require AFE approval and work begins as funds are received.)

The revisions ROC proposes involve the on-site disposal of non-impacted concrete when practical and the use of a compacted clay layer rather than poly-liner for lining excavations. Also proposed is a revision to the closure procedure, adding an OCD verbal approval step in order for ROC to timely continue with installation of new surface facilities.

Closure reports for two locations, F-29 (two-year sampling of groundwater) and H-35 (closed), have been processed with the OCD. The P-25 location closure report has been submitted. Locations C-2 and L-21 are in remediation activity right now and Donna Williams has visited both sites. The C-2 site excavation will be managed with RE Environmental and the L-21 site will be managed with Whole Earth. ROC expects to be able to schedule final sampling for early March at both sites. The AFE has been approved for two additional sites in the Eunice-Monument-Eumont area with work start-up planned for early summer.

Thank you for your consideration of these revisions. If you have any questions, please call.



Carolyn Doran Haynes
Operations Engineer

Cc KH; file; Ms. Donna Williams, OCD District I, Hobbs, NM

Closure Plan for Below Grade Redwood Tank

1. Submit C-103 form to NMOCD along with the site-specific location, site assessment, work plan, time schedule, sampling and testing plan, etc., all pursuant to NMOCD guidelines.
2. Procure soil samples from 3' below bottom of tanks (9-11' below grade) at tank sides.
 - A. If soil samples are < 100ppm TPH and < 250ppm Chlorides, proceed to Step 4.
 - B. If soil samples are > 100ppm THP or > 250ppm Chlorides, proceed to Step 3.
3. Delineate any portion of tank site that is > 100ppm TPH or > 250ppm Chlorides with a backhoe or soil boring machine, obtaining samples for field and lab analysis at 5' intervals.
 - A. When field analysis of bored-sample determines < 100ppm TPH and < 250ppm Cl, boring will be suspended pending laboratory analysis confirmation. Proceed to Step 4.
 - B. If these parameter levels are not identified, then boring and sampling will continue to ground water. Upon reaching groundwater, the borehole will be cased and developed. Ground water samples will be procured and tested for major cations and anions, TDS and BETX levels. If ground water is found to exceed the WQCC standards, NMOCD will be notified immediately and the closure plan will move into Rule 19 procedures.
4. Write AFE to System Partners as directed by results of delineation of redwood tank site and of emergency pit (if both are at facility). Await approval and funding for site closing.
5. Move onto SWD facility site with temporary tank system. Re-route fluid flow from below grade redwood tanks into the temporary tank system. Plumb to SWD well.
6. Empty and clean redwood tanks, properly disposing of any BS & W. Excavate sides of redwood tanks to allow for working space to manipulate tank support banding. Remove redwood tanks reserving boards for proper disposal.
7. Excavate ramp into redwood tank hole. Remove and properly dispose of concrete base if impacted. If concrete is not impacted, use as fill (below plow depth) in excavation area.
8. Remove impacted soil (as practical) to eliminate hot spots; dispose per NMOCD guidelines.
9. Procure random 5-point composite bottom sample from 3' below tank bottom and random 4-point composite side sample for lab TPH, Benzene, and BTEX testing.
 - A. If <100ppm TPH; BTEX, Benzene <10ppm; <250ppm Chlorides; proceed to Step 11.
 - B. If >100ppm TPH; BTEX, Benzene >10ppm; >250ppm Chlorides; in the vadose zone but not reaching groundwater, proceed to Step 10.
10. Evaluate site for risk assessment: delineate to assess depth and horizontal extent of impact corresponding to NMOCD guidelines for site assessment value; excavate bottom and sides as practical to minimize risk; install compacted clay liner to meet or exceed 95% of a Proctor Test ASTM-D-698 with permeability (hydraulic conductivity) equal or less than 1×10^{-7} cm/sec for containment/isolation of impact.
11. Discuss results/risk assessment with NMOCD for verbal approval to proceed with backfill/installation of new tanks and plumbing within engineered secondary containment system.
12. Apply to NMOCD for closure of redwood tank site per NMOCD guidelines and site results.

NEW MEXICO STATE LAND OFFICE

SALT WATER DISPOSAL EASEMENT

SALT WATER DISPOSAL

EASEMENT NO. **SWD-048**

THIS AGREEMENT, dated this 22nd day of June, 2000, made and entered into between the State of New Mexico, acting by and through the undersigned, its Commissioner of Public Lands, hereinafter called the grantor, and Rice Operating Co., of 122 W. Taylor, Hobbs, New Mexico 88240, hereinafter called the grantee,

WITNESSETH:

That, whereas, the said grantee has filed in the Land Office an application for salt water disposal easement and has tendered the sum of \$500.00, together with the sum of \$30.00 application fee;

NOW, THEREFORE, in consideration of the foregoing tender, receipt of which is acknowledged, and the covenants herein, grantor does grant to the grantee a salt water disposal easement for the sole and only purpose of underground disposal of salt water produced in connection with oil and gas operations, together with the right to make such reasonable use of the land as may be necessary to dispose of said salt water. Said easement shall cover the following described lands:

<u>INSTITUTION</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SUBDIVISION</u>	<u>ACRES</u>
C.S.	35	17S	35E	Portion Within SE $\frac{1}{4}$ NW $\frac{1}{4}$	2.50

TO HAVE AND TO HOLD said lands and privileges hereunder for a term of Two years from the date first above written, subject to all terms and conditions hereinafter set forth:

1. Grantee shall pay the grantor the sum of \$500.00 annually, in advance.

2. With the consent of the grantor and payment of a fee of \$30.00, the grantee may surrender or relinquish this salt water disposal easement to the grantor; provided, however, that this surrender clause shall become absolutely inoperative immediately and concurrently with the filing of any suit in any court or law or equity by the grantor or grantee or any assignee to enforce any of the terms of this salt water disposal easement.

3. The grantee, with the prior written consent of the grantor, may assign his salt water disposal easement in whole only. Upon approval of the assignment, in writing, by the grantor, the grantee shall stand relieved from all obligations to the grantor with respect to the lands embraced in the assignment, and the grantor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the grantor as to such tracts.

4. The grantor may cancel this salt water disposal easement for non-payment of annual consideration or for violation of any of the terms and covenants hereof; provided, however, that before any such cancellation shall be made, the grantor must mail to the grantee or assignee, by registered mail, addressed to the post office address of such grantee or assignee, shown by the records, a thirty-day notice of intention to cancel said salt water disposal easement, specifying the default for which the salt water disposal easement is

subject to cancellation. No proof of receipt of notice shall be necessary and thirty days after such mailing, the grantor may enter cancellation unless the grantee shall have sooner remedied the default.

5. The grantee shall furnish copies of records and such reports and plats of his operations, including any and all data relating to geological formations as the grantor may reasonably deem necessary to his administration of the lands.

6. Grantee may make or place such improvements and equipment upon the land as may reasonably be necessary to dispose of salt water, and upon termination of this salt water disposal easement for any reason, grantee may remove such improvements and equipment as can be removed without material injury to the premises; provided, however, that all sums due the grantor have been paid and that such removal is accomplished within one year of the termination date or before such earlier date as the grantor may set upon thirty days written notice to the grantee. All improvements and equipment remaining upon the premises after the removal date, as set in accordance with this paragraph, shall be forfeited to the grantor without compensation. All pipelines constructed hereunder shall be buried below plow depth.

7. This salt water disposal easement is made subject to all the provisions and requirements applicable thereto which are to be found in various acts of the legislature of New Mexico and the rules of the Commissioner of Public Lands of the State of New Mexico, the same as though they were fully set forth herein, and said laws and rules, so far as applicable to this salt water disposal easement, are to be taken as a part hereof.

8. All the obligations, covenants, agreements, rights and privileges of this salt water disposal easement shall extend to and be binding and inure to the benefit of the lawful and recognized assigns or successors in interest of the parties hereto.

9. Grantee shall post with grantor a bond or undertaking in an amount required by grantor in favor of the owner of improvements lawfully located upon the lands herein to secure payment of damage, if any, done to such improvements by reason of grantee's operations.

10. Payment of all sums due hereunder shall be made at the office of the Commissioner of Public Lands, 310 Old Santa Fe Trail, P. O. Box 1148, Santa Fe, New Mexico 87504-1148.

11. Grantee, including his heirs, assigns, agents, and contractors shall at their own expense fully comply with all laws, regulations, rules, ordinances, and requirements of the city, county, state, federal authorities and agencies, in all matters and things affecting the premises and operations thereon which may be enacted or promulgated under the governmental police powers pertaining to public health and welfare, including but not limited to conservation, sanitation, aesthetics, pollution, cultural properties, fire, and ecology. Such agencies are not to be deemed third party beneficiaries hereunder; however, this clause is enforceable by the grantor as herein provided or as otherwise permitted by law.

12. Grantee shall save and hold harmless, indemnify and defend the State of New Mexico, the Commissioner of Public Lands, and his agent or agents, in their official and individual capacities, of and from any and all liability claims, losses, or damages arising out of or alleged to arise out of or indirectly connected with the operations of grantee hereunder, off or on the herein above described lands, or the presence on said lands of any agent, contractor or sub-contractor of grantee.

RICE Operating Company

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

March 27, 2001

Mr. Leon Anderson
New Mexico State Land Office
3830 N. Grimes, Suite C
Hobbs, NM 88240

RE: Vacuum SWD Facility F-35 Upgrade
SE/4 NW/4, Section 35-T17S-R35E
Lea County, NM

Dear Mr. Anderson:

Rice Operating Company (ROC) appreciates opportunities to work with the New Mexico State Land Office in order to optimize and improve the operations of the salt water disposal systems of Lea County. It is our goal to keep landowners informed of situations that arise during routine operations concerning the land that the systems lease for the facility sites.

This letter is regarding the 2.5-acre leased area located at SE/4 NW/4, Section 35-T17S-R35E, Lea County, NM, where ROC operates the F-35 Disposal Facility for the Vacuum SWD System. The Lease on this land is current and paid each June.

ROC has temporarily abandoned the SWD Well F-35 and will begin clearing the F-35 Terminal Facility in April. The original redwood tank is being eliminated and removed from the facility. The area surrounding the tank site will be evaluated for environmental impact and will be remediated to levels designated and/or approved by the New Mexico Oil Conservation Division (NMOCD). At this time, there is no immediate plan to replace the terminal tank, but ROC may do so in the future in case SWD Well F-35 is re-activated for disposal.

At the completion of this tank closure, a copy of the NMOCD Closure Report will be forwarded to you. If you have any questions, comments or concerns pertaining to this upgrade, please don't hesitate to call me at the above phone number.

Sincerely,

Rice Operating Company



Carolyn Doran Haynes
Operations Engineer

cc LBG, file