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GENERAL CORRESPONDENCE

YEAR(S): 2009

RICE *Operating Company*
122 West Taylor • Hobbs, NM 88240
Phone: (575) 393-9174 • Fax: (575) 397-1471

CERTIFIED MAIL
RETURN RECEIPT NO. 7008 1140 0001 3072 4505

March 19, 2009

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

RE: JUNCTION BOX UPGRADE REPORT for 2008
EME SWD SYSTEM
Lea County, New Mexico

Mr. Jones:

Rice Operating Company (ROC) takes this opportunity to submit the Junction Box Upgrade results for the year 2008. Enclosed is a list of the completed junction boxes and their respective closure/disclosure dates. These boxes are located in the Eunice-Monument-Eumont (EME) Salt Water Disposal (SWD) System located in the vicinity of Eunice, New Mexico.

ROC completed 54 junction box sites in 2008. Junction box upgrades in 2009 will be conducted in conjunction with scheduled pipeline replacements.

Enclosed are the 2008 results (17 sites evaluated with 22 sampling locations) from the PID/BTEX study described in the NMOCD-approved Revised Junction Box Upgrade Work Plan (July 16, 2003). A third-party analysis, conducted by Peter Galusky, Jr. Ph.D. of Texerra, concluded from the data collected thus far that field-composited values tend to produce slightly higher BTEX numbers above the point at which BTEX concentrations become significant. This is likely due to the fact that BTEX is volatile and quickly biodegradable. Peter Galusky, Jr. Ph.D. of Texerra also compared ROC's 2008 chloride field tests to chloride laboratory analyses; the analysis is also enclosed. The study of this data continues to validate the accuracy of the chloride field tests employed by ROC.

ROC is the service provider (agent) for the EME SWD System and has no ownership of any portion of the pipeline, well, or facility. The 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 require System Partner AFE approval and work begins as funds are received.

Thank you for your consideration of this Junction Box Upgrade Report for 2008.

RICE OPERATING COMPANY

Hack Conder
Environmental Manager

enclosures as stated

cc: SC, MB, file, Edward Hansen (NMOCD),

Mr. Larry Hill
NMOCD, District I Office
1625 N. French Drive
Hobbs, NM 88240

L. Peter Galusky, Jr. Ph.D., P.G.

Texerra

505 N Big Spring, Suite 404 Midland, Texas 79701
Tel: 432-634-9257 E-mail: lpg@texerra.com

March 10th, 2009

Mr. Brad Jones
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504

Re: Comparison of Field versus Lab Compositing of BTEX soil samples
Rice Operating Company, Junction Box Upgrade Work Plan

Sent via Certified Mail w/ Return Receipt No. 7006 0100 0001 2438 3944

Dear Mr. Jones:

On behalf of Rice Operating Company (ROC) I am submitting the attached comparison and analysis of field versus laboratory soil compositing for soil BTEX samples. This is to address the question of whether it is better to mix multiple samples in the field or to do so in the laboratory in order to produce a composite, representative sample for analysis. This work was undertaken in support of ROC's Junction Box Upgrade Work Plan to ensure the quality of their field analysis program.

In brief, this work indicates that field compositing of soil samples generally gives rise to *slightly* higher BTEX values than does laboratory compositing of multiple samples. This is presumably due to the likelihood that field compositing and packaging of soil samples better preserves sample integrity. It would therefore appear that field compositing would represent the better method of procuring soil samples for subsequent analysis of BTEX.

Please call me if you have any questions or wish to discuss any of the details of this study.

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

Sincerely,

L. Peter Galusky, Jr. Ph.D.
Principal

Copy: Rice Operating Company,
Edward Hansen (NMOCD) sent certified mail w/ return receipt
No. 7006 0100 0001 2438 3937
Attachment: As noted, above.

Rice Operating Company
Comparison of Field Compositing versus Laboratory Compositing of Soil BTEX Samples[1]

The careful mixing of multiple soil samples is critical in order to produce a representative, composite sample from a respective study area (such as a excavation face or bottom). Field technicians typically take four or five "grab" samples from excavation walls and/or bottom and send each of these to a laboratory for analysis of the composite, or mixed, sample. It would be far simpler, however, to composite such samples in the field. This study was undertaken to determine if field compositing produced results substantially different than laboratory compositing for the analysis of BTEX. Data were provided by Rice Operating Company encompassing 22 sampling locations over the period of 2004 through 2008.

A comparison of lab-composited soil samples versus field-composited soil samples revealed a close correspondence for total BTEX between the two methods (Figure 1).

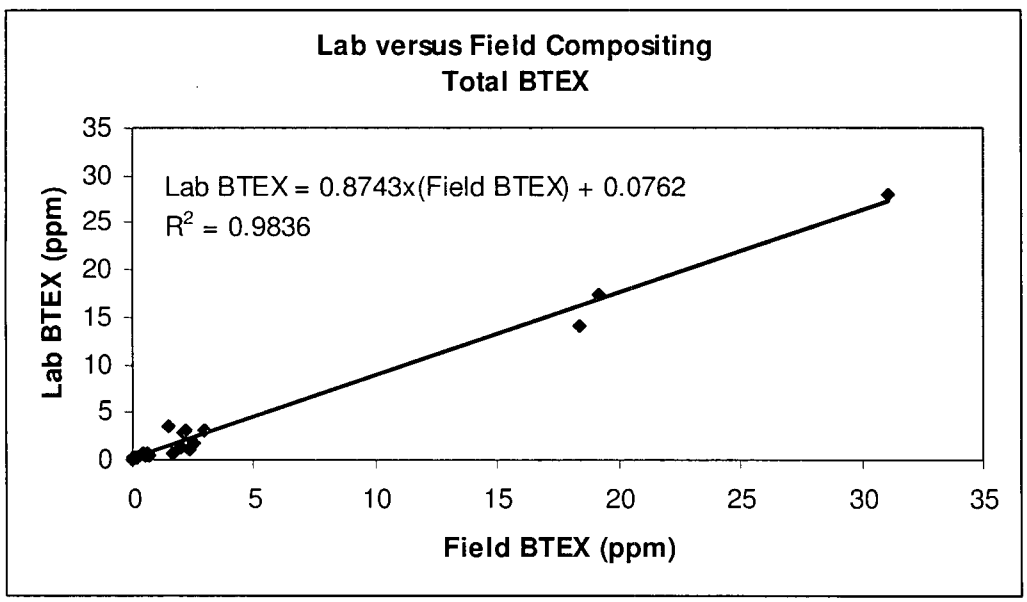

Figure 1 - Laboratory versus field-composited soil samples analyzed for BTEX.

The high R^2 value (0.9836) of the best-fit statistical regression line indicates a high degree of reliability in using the field-compositing method over the range of values observed. Below a "field-composited BTEX" value of 0.61 ppm the "lab-composited BTEX" values are slightly lower. However, above a field-composited BTEX value of 0.61 the lab-composited values run slightly lower. In other words, the field-composited values tended to produce slightly higher BTEX numbers above the point at which BTEX concentrations become significant.

There is a reason for this. BTEX is volatile and quickly biodegradable. The compositing and "packaging" of soil samples in the field minimize the handling and aeration that occur in the laboratory. Thus, field-composited soil samples lose less BTEX to evaporation and/or biodegradation prior to laboratory analysis. In other words, the field compositing and packaging of soil samples better preserves sample integrity, and for this reasons would appear to represent the better method of procuring soil samples for subsequent analysis of BTEX.

[1] Prepared 03-12-09 by L. Peter Galusky, Jr. of Texerra.

L. Peter Galusky, Jr. Ph.D., P.G.

Texerra **505 N Big Spring, Suite 404 Midland, Texas 79701**
Tel: 432-634-9257 E-mail: lpg@texerra.com

March 12th, 2009

Mr. Brad Jones
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504

Re: Comparison of 2008 Field versus Laboratory Measured Soil Chloride Values
Rice Operating Company, Junction Box Upgrade Work Plan

Sent via Certified Mail w/ Return Receipt No. 7006 0100 0001 2438 3944

Dear Mr. Jones:

On behalf of Rice Operating Company (ROC) I am submitting the attached comparison and analysis of 2008 field versus laboratory measured soil chloride values. This work was undertaken in support of ROC's Junction Box Upgrade Work Plan to ensure the quality of their field analysis program.

In brief, this work indicates that Rice's 2008 field chloride measurement efforts provided reliable and accurate estimates of the true values.

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

Please call me if you have any questions or wish to discuss any of the details of this study.

Sincerely,

L. Peter Galusky, Jr. Ph.D.
Principal

Copy: Rice Operating Company,
Edward Hansen (NMOCD) sent certified mail w/ return receipt
No. 7006 0100 0001 2438 3937

Attachment: As noted, above.

Rice Operating Company
Comparison of Laboratory to Field Measured Soil Chloride Concentrations
Based upon 2008 Field Data[1]

A representative sub-sample of 174 pairs of field versus laboratory measured soil chloride values was compared to determine how well field measurements matched laboratory measurements. It is assumed that laboratory measurements better represent the "true" values due to the controlled environment that a laboratory provides. A simple plot of laboratory versus field measured soil chloride values is given below (Figure 1).

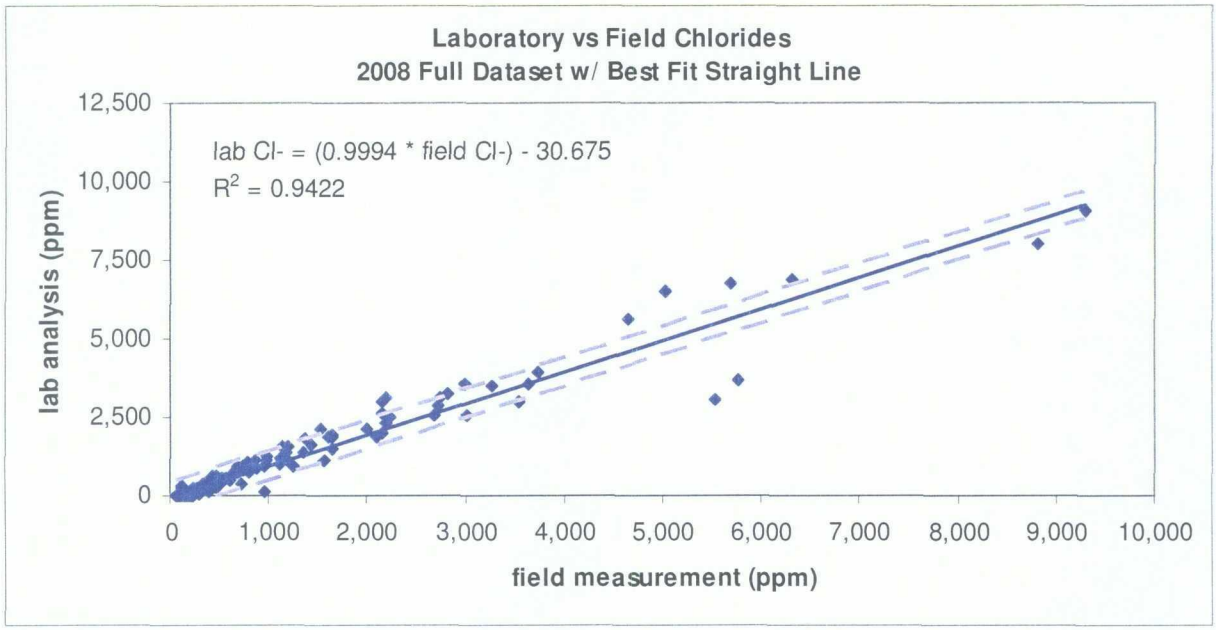

Figure 1 – Laboratory versus field measured soil chloride measurements (n = 174 paired sets). The statistically best-fit regression line is shown solid blue. The standard error of the estimate is 226 ppm. The dashed lines each represent two standard deviations from the regression estimate, encompassing a 95% probability that the true values lies within these bounds.

A straight line fits the data very well ($R^2 = 0.94$), indicating that field measurements are generally reliable (repeatable and consistent). While there is substantially more error in the mid range of the data, the errors are roughly balanced above and below the best-fit line. The intercept of the best-fit line, -30.675, indicates that field measurements overestimate the actual soil chloride values by this amount on average over the range of measurements. The magnitude of this error is small relative to the range of values observed. The slope of the best-fit line, 0.9994, is nearly indistinguishable from perfect one-to-one correspondence. Thus, error does not substantially grow or diminish with the range in chloride values.

Taken together this comparison indicates that Rice's 2008 field chloride measurement efforts provided reliable and accurate estimates of the true values. Further, given the closeness of the best-fit line to a line of perfect correspondence (having a slope of one and an intercept of zero), it is not necessary to "adjust" field measured values by the parameters of the best-fit line, as the effects would be negligible.

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[1] Prepared on 03-12-09 by L. Peter Galusky, Jr. of Texerra.

RICE *Operating* Company
EME SWD System Junction Box Upgrade Project
2008 Completed Boxes

		Legal Description						
	Jct Box Name	Unit	Sec	T	R	Completion Date	OCD Assessment Score	Report Status
1	Jct L-16-1	L	16	20S	37E	11/21/2007	20	Closure
2	D-16 Vent	D	16	20S	37E	8/21/2007	20	Closure
3	Jct L-16	L	16	20S	37E	11/19/2007	20	Closure
4	Jct B-8	B	8	20S	37E	7/30/2007	20	Closure
5	Jct J-32	J	32	19S	37E	8/10/2004	20	Closure
6	Jct K-32-1	K	32	20S	37E	8/30/2007	0	Closure
7	Jct D-4	D	4	20S	37E	11/12/2007	40	Closure
8	Jct C-29	C	29	19S	37E	5/21/2008	20	Closure
9	Apache V Laughlin EOL	D	9	20S	37E	6/5/2008	0	Closure
10	Jct D-9 Boot	D	9	20S	37E	6/5/2008	0	Closure
11	Finley McQuarter EOL	G	11	21S	36E	6/5/2008	0	Closure
12	B-16 Boot	B	16	20S	37E	2/5/2007	20	Closure
13	Jct G-29	G	29	19S	37E	10/10/2008	40*	Closure
14	Jct O-7-1	O	7	19S	37E	9/2/2008	40*	Closure
15	L-4 Boot	L	4	20S	37E	9/2/2008	40*	Closure
16	Hendrix Reeves EOL	D	29	20S	37E	10/10/2008	10	Closure
17	Duke Eunice Plant EOL	G	5	21S	36E	7/10/2008	0	Closure
18	Jct H-8	H	8	21S	36E	11/7/2008	0	Closure
19	Jct I-1	I	1	20S	37E	9/18/2008	20	Closure
20	Ida White Boot	K	35	20S	36E	7/1/2008	0	Closure

21	Jct F-9 Boot (2 boxes)	F	9	20S	37E	9/19/2008	20	Closure
22	Jct M-6	M	6	20S	37E	9/26/2008	30*	Closure
23	Jct O-8	O	8	21S	36E	11/3/2008	0	Closure
24	OXY St 'C" EOL	M	16	21S	36E	10/21/2008	0	Closure
25	Arco St 'L' EOL	F	22	21S	36E	10/21/2008	0	Closure
26	Jct H-21	H	21	21S	36E	11/7/2008	0	Closure
27	Jct O-16	O	16	21S	36E	10/21/2008	0	Closure
28	Jct P-35	P	35	19S	36E	10/10/2008	20	Closure
29	Apache 'Z' Boot	A	13	20S	36E	8/22/2008	20	Closure
30	Jct F-33 Vent	F	33	20S	37E	9/3/2008	20	Closure
31	Jct A-19-2	A	19	21S	36E	11/7/2008	10	Closure
32	Jct B-21	B	21	21S	36E	10/13/2008	0	Closure
33	Chesapeake Turner EOL	O	6	20S	38E	9/26/2008	10	Closure
34	Jct D-16-1	D	16	20S	37E	8/8/2008	20	Closure
35	Jct I-8	I	8	21S	36E	11/3/2008	0	Closure
36	Jct C-6	C	6	21S	36E	10/1/2008	0	Closure
37	Jct A-19-1	A	19	21S	36E	9/24/2008	10	Closure
38	DCP EOL	C	33	20S	37E	9/24/2008	30*	Closure
39	Jct J-20	J	20	21S	36E	10/13/2008	0	Closure
40	Conoco State KN 12 EOL	P	12	19S	36E	11/5/2008	20	Closure
41	Jct B-18-1	B	18	19S	37E	9/11/2008	20	Closure
42	Jct E-22	E	22	21S	36E	10/28/2008	0	Closure
43	L-32 Vent	L	32	20S	37E	7/17/2007	0	Closure
44	Jct H-16	H	16	21S	36E	10/24/2008	20*	Closure
45	Jct G-7	G	7	21S	36E	9/15/2008	0	Closure
46	Jct H-36 Vent	H	36	20S	36E	6/26/2007	0	Disclosure

47	K-9 Vent	K	9	20S	37E	8/16/2004	20	Disclosure
48	Jct P-27	P	27	19S	36E	1/4/2008	40	Disclosure
49	Jct N-34	N	34	19S	37E	10/2/2007	40	Disclosure
50	Conoco Skaggs B-12	C	12	20S	37E	12/21/2006	20	Disclosure
51	Conoco A-17 EOL (2 Boxes)	M	17	19S	37E	5/6/2005	20	Disclosure
52	Jct P-24 aka Jct I-24	P	24	19S	36E	2/8/2006	40	Disclosure
53	Vent C-8	C	8	20S	37E	10/17/2006	20	Disclosure
54	Chevron Evans St EOL	O	3	21S	36E	12/15/2003	0	Disclosure