

RICE Operating Company

122 West Taylor • Hobbs, NM 88240

Phone: (505) 393-9174 • Fax: (505) 397-1471

October 12, 2007

Mr. Chris Williams
New Mexico Oil Conservation Division, District 1
1625 N. French Drive
Hobbs, NM 88240

**RE: G-35 SWD Facility (API #30-025-03033)
Vacuum SWD System (Abandoned)
Unit 'G', Sec. 35, T17S, R35E**

Mr. Williams:

Please find an enclosed report from R.T. Hicks Consultants submitted to Oil Conservation Division (OCD), Environmental Bureau on September 24, 2007 that summarizes the recent completion of the Vadose Zone Remedy for the referenced site. The facility surface pad has been removed and the disturbed area was seeded with concurrence from the State Land Office. Groundwater at the site is addressed under Rule 19 Abatement Plan #59 though the OCD Environmental Bureau in Santa Fe.

The G-35 SWD well was plugged and abandoned on January 23, 2001 and the enclosed subsequent (final) C-103 form completes the abandonment requirements for this SWD well.

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 Partners, who provide all operating capital on a percentage ownership/usage basis. In 2004, the Vacuum System Partners approved the discontinuance of the SWD System.

RICE OPERATING COMPANY



Kristin Farris Pope
Project Scientist

Enclosures: final C-103 form, R.T. Hicks Quarterly Report

cc: SC, CDH, RTH, file, Mr. Edward Hansen (OCD, Environmental Bureau)

RP#1622

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO.	30-025-03033
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 SWD System	
8. Well Number	G-35
9. OGRID Number	
10. 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 ST., HOBBS, NM 88240

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

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

Pit or Below-grade Tank Application or Closure
 Pit type: NONE Depth to Groundwater: 60 ft Distance from nearest fresh water well: 2400 ft
 Distance from nearest surface water: >1000 ft Pit Liner Thickness: n/a mil Below-Grade Tank: Volume 800 bbls
 Construction Material: REDWOOD

12. 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"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	WELL SITE ABANDONMENT & SURFACE RECLAMATION <input checked="" type="checkbox"/>

13. 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 recompletion.

The SWD well at this facility was plugged and abandoned on January 23, 2001. Closure activities at the site began on June 25, 2007 in accordance with the NMOCD-approved Vadose Zone Remedy Plan submitted by R.T. Hicks Consultants (Hicks). Excavations at the former redwood tank sites and the emergency overflow pit site were lined with a geosynthetic clay liner (GCL) and topped with a series of other materials including a clay layer, caliche gravel, fine sand, and native soil. The facility's caliche pad was removed and the site was covered with quality soil and planted with a seed mixture approved by the State Land Office.

The enclosed update letter from Hicks to OCD provides additional information and documentation of the closure work completed at this facility.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Kristin Farris Pope TITLE Project Scientist DATE 10-12-07
 Type or print name KRISTIN FARRIS POPE E-mail address: kpope@riceswd.com Telephone No. (505) 393-9174

For State Use Only

APPROVED BY: Chris Williams TITLE OCD DISTRICT SUPERVISOR/GENERAL MANAGER DATE 10/17/07
 Conditions of Approval (if any):

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Fax: 505.266-0745

September 24, 2007

Edward Hansen

NMOCD

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

Via E-mail

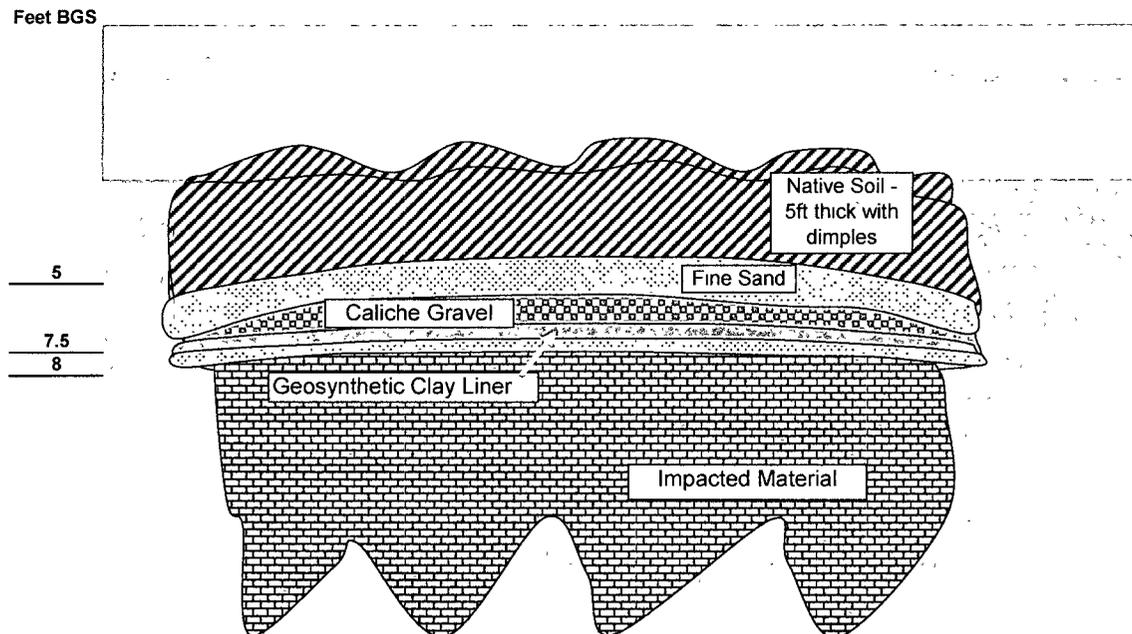
RE: F-35 SWD & G-35 SWD, T17S, R35E; NMOCD Case #: AP-59, Quarterly Report

Dear Mr. Hansen,

This letter serves as our Status Report for the abovementioned sites, presenting work and progress there from April-August of this year.

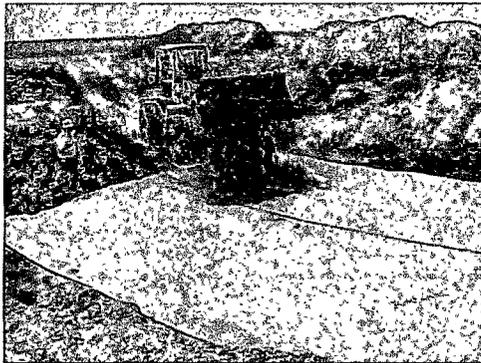
Vadose Zone Remedy

As you may recall, in April we conducted additional investigations at these sites at your request and reported on their results on the 23rd of the same month. On May 24th we received your response requesting an amended Vadose Zone Remedy Plan. We submitted amendments on June 13th, which were approved on the 14th. We began the approved amended Remedy the week of June 25th, and followed the plans to backfill the excavation presented in the table and drawing below.



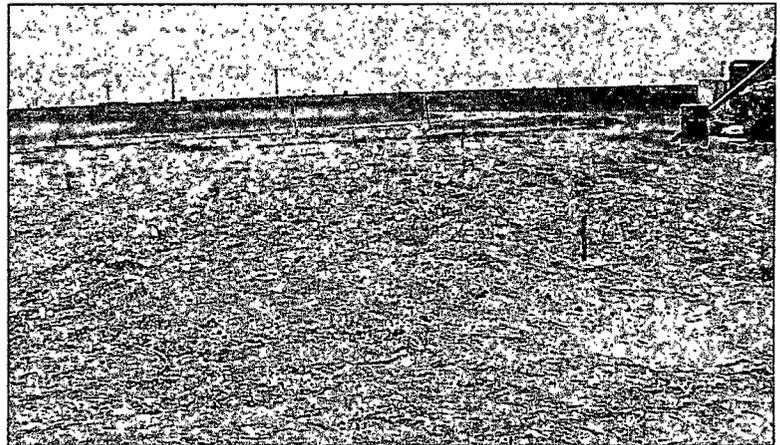
F-35 and G-35 Design Thickness (inches)	F-35 and G-35 Design Thickness (feet)	(All layers are dome shaped to shed excess water)
6	0.5	Topsoil
54	4.5	Native Soil Layer
12	1.0	Fine Sand interface
18	1.5	Pea Gravel Caliche Sub Layer
0.25	0.02	GCL
6	0.50	Sand
96.25	8.0	Total Thickness above Chloride material

The pictures below show the installation of the GCL as well as the final backfilled status at both sites.

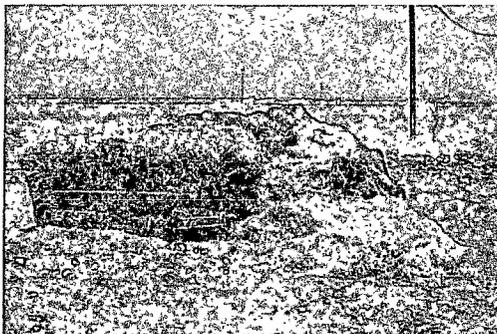


GCL at F-35, placed 7 feet below grade

Backfilled excavation at F-35



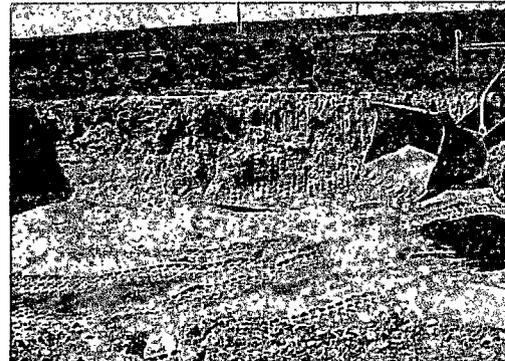
Imported hay to condition topsoil at both sites.



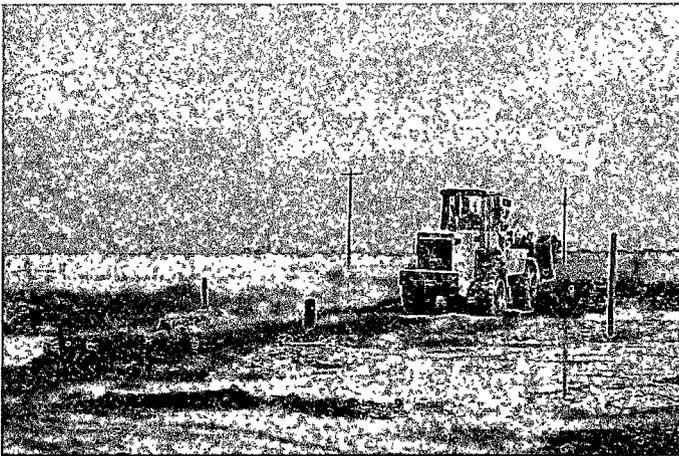
G-35



GCL in excavation at G-35, 7 feet bgs



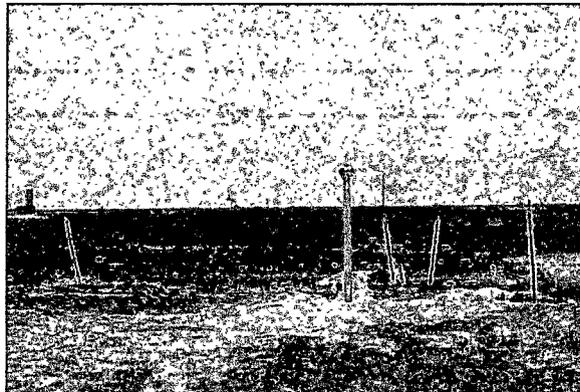
Filling the excavation at G-35

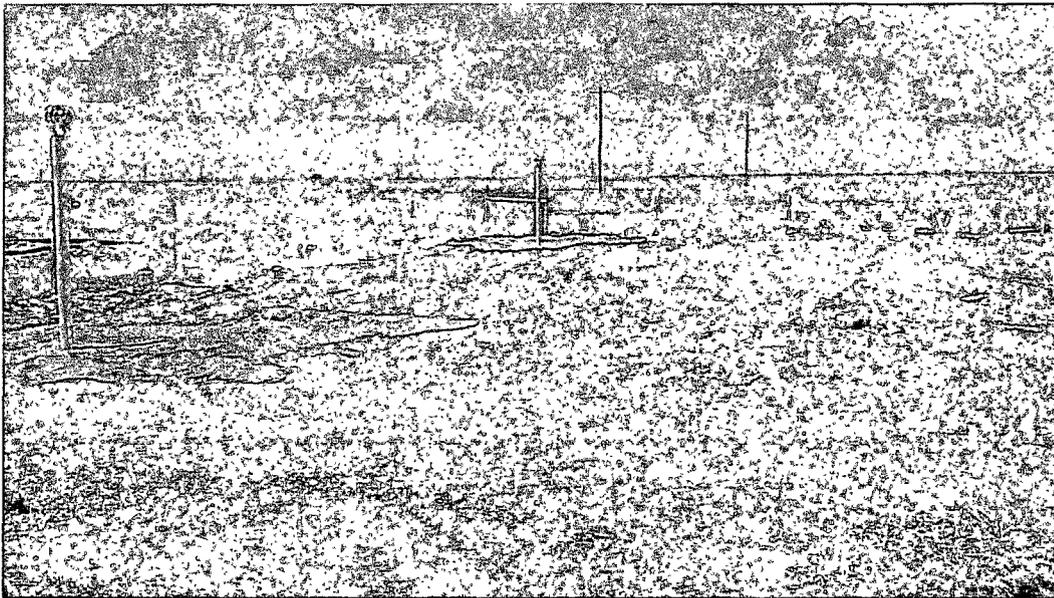


Spreading topsoil at G-35

Once the excavations were filled in, decomposing hay was incorporated to condition topsoil. On August 8th and 9th, two passive soil vapor vents were installed at each site. The attached logs show that these vents were slotted from 47-45, 37-35, and 27-25 below ground surface. The vents extend to 6 feet above the ground surface and are fitted with a turbine to vent the subsurface.

Passive soil vent at F-35





Completed soil vapor vents at G-35 (backfilled excavation visible to right of vents)

Revegetation is ongoing.

Point Source Treatment

Point source treatment at F-35 is on-going. We have added features to make the system more reliable. We estimate that this spring over 15,000 gallons have been pumped, producing over 3,000 gallons for wildlife and approximately 11,000 gallons for routine SWD pipeline maintenance.

Upcoming Actions

A recovery well has been installed at G-35 and will soon be fitted with a solar pump. Treatment equipment is targeted for installation in the 4th quarter of 2007. We are evaluating options for treatment of water at G-35 and will submit our proposed process shortly. We will notify you of any planned field work with as much notice as possible once the schedule is set.

Sincerely,
R.T. Hicks Consultants, Ltd.

Katie Lee
Staff Scientist

Copy: Rice Operating Company