1R - 479

Annual GW Mon. REPORTS

DATE:

2010

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December 22nd, 2010

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

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. 7008 1140 0001 3068 8715

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 4,138 barrels of chloride affected groundwater were been removed during 2010 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 12,200 ppm to 8,900 ppm over this period (Figure 4).

As we see groundwater quality substantially improving we plan to continue this present course of action through 2011. Please note that we plan to submit subsequent annual reports for this project in the same time frame as other, by April 1st of the following year, unless NMOCD requests otherwise.

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 Office of the State Engineer

Figure 1 – Vac N-6-1 location.

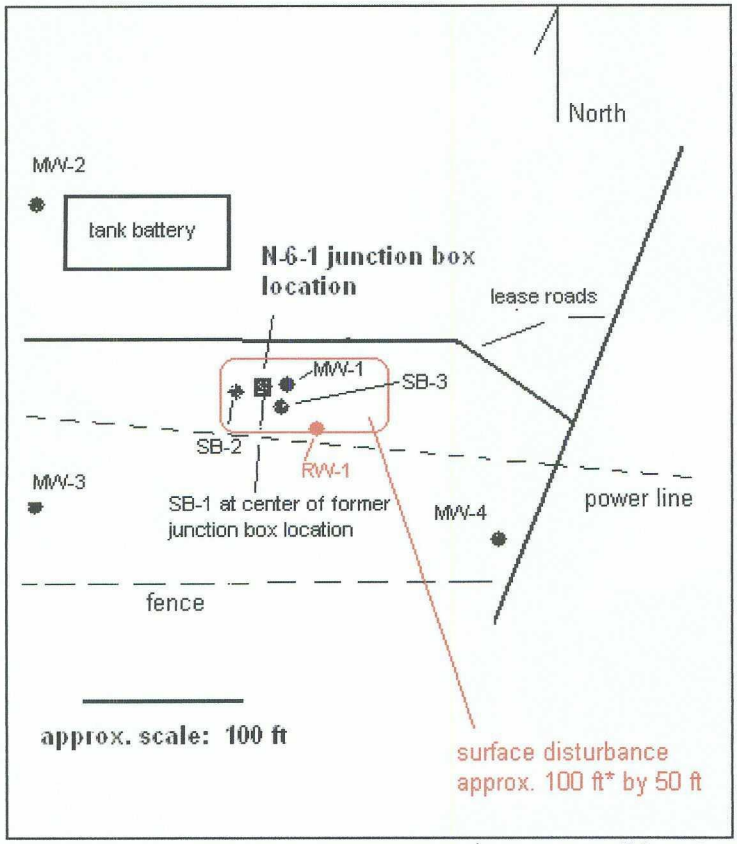

Figure 2 – Vac N-6-1 approx. monitor/recovery well locations.

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

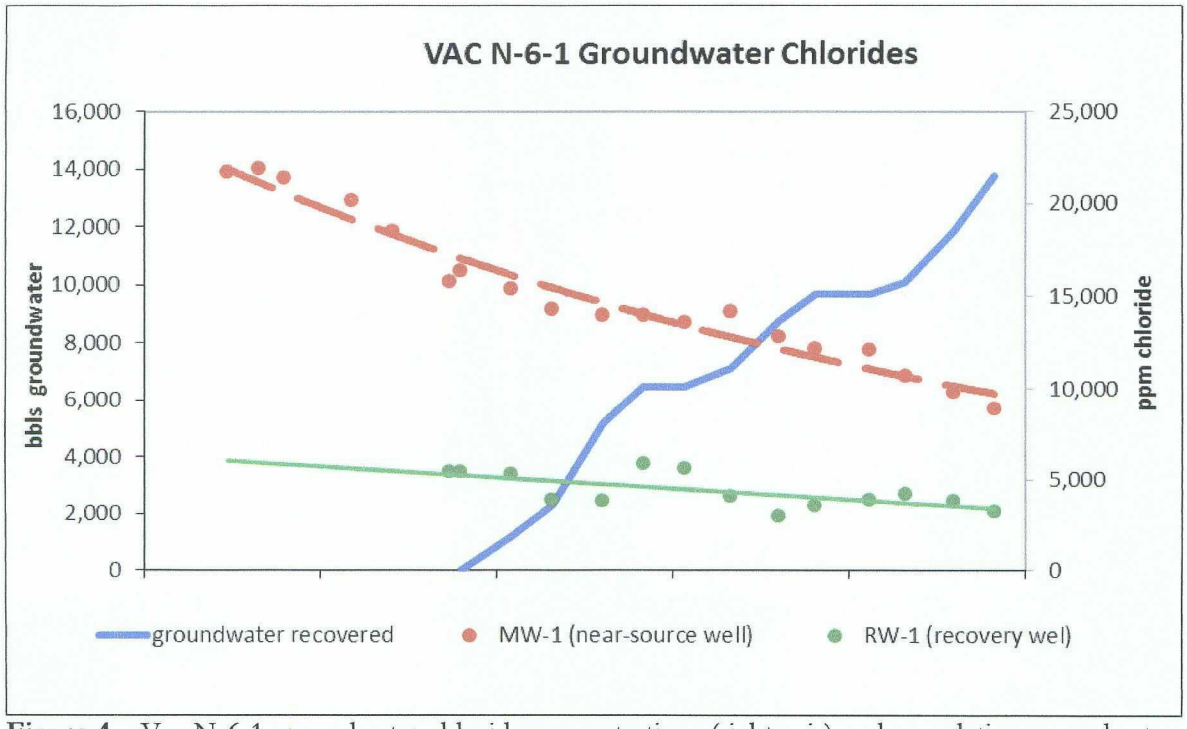

Figure 4 – Vac N-6-1 groundwater chloride concentrations (right axis) and cumulative groundwater recovery volumes (left axis).