

RICE Operating Company

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

April 2, 2001

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

Re: Mechanical Integrity Tests (MIT) Requirements
Hobbs East Salt Water Disposal System, SWD Well F-30

Dear Mr. Williams:

The Hobbs East SWD Well F-30 is one of the disposal wells utilizing the oil-blanket completion that NMOCD UIC has ordered be re-completed with an injection packer. Rice Operating Company (ROC) requested an extension of the December 1, 2000 deadline and received an extension consideration until June 1, 2001.

The majority-interest System Partner has informed ROC that their plans to unitize the East Hobbs (San Andres) Field for the purpose of waterflood are not yet complete. The Hobbs East SWD System will probably be incorporated into this plan and SWD Well F-30 will most likely become inactive. However, because of this new timeline, the System Partners have approved the AFE to install this packer. The AFE is being funded now.

ROC has contacted the pulling unit company and is on the waiting list for a rig. This work will be accomplished as soon as a rig becomes available. NMOCD will be notified in advance of the MIT.

ROC is the service provider (operator) for the Hobbs East SWD System. ROC has no ownership of any portion of pipelines, disposal well, equipment or facilities. The Hobbs East SWD System is owned by a consortium of oil producers called System Partners, who provide all operating capital on a percentage ownership basis. Major projects, such as this well work, require System Partner AFE approval and work begins as funds are received.

As always, ROC appreciates the opportunity to work with the NMOCD.

Sincerely,

RICE OPERATING COMPANY



Carolyn Doran Haynes
Operations Engineer

Enclosures: C-103 form
F-30 Wellbore Schematic

Cc: LG, file, and Mr. David Catanach, NMOCD UIC Director