RICE Operating Company

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December 1, 2000

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

Re: Mechanical Integrity Test (MIT) Requirements
       SWD Disposal Wells Operated by Rice Operating Company

Dear Mr. Williams:

Pursuant to the NMOCD UIC Director, David Catanach, ordering the installation of plastic-lined tubing and packers in the SWD wells presently utilizing an oil-blanket, Rice Operating Company (ROC) would like to submit for approval the final C-103 forms and the MIT test charts for Eunice Monument Eumont (EME) SWD Wells I-1 and L-21. Well I-1 passed the MIT (witnessed by OCD rep.) and has been returned to disposal. The MIT for Well L-21 was not witnessed by OCD, but tested within the limit.

ROC is now conducting packer installation at EME Well M-5, but is experiencing some problems with tubing collar leaks. ROC expects to conduct the MIT for this well Dec 1, and then return to disposal. ROC has applied for an extension of the NMOCD UIC order deadline and is awaiting response.

ROC is the service provider (operator) for Seven Salt Water Disposal Systems in Lea County, NM: Eunice-Monument-Eumont (EME) SWD System, Blinebry Drinkard (BD) SWD System, Justis SWD System, Abo SWD System, Vacuum SWD System, Hobbs SWD System, and Hobbs East SWD System. ROC has no ownership of any portion of pipelines, wells, equipment or facilities. Each System is owned by a unique consortium of oil producers called System Partners, who provide all operating capital on a percentage ownership/usage basis. Major projects, such as this well work, require System Partner AFE approval and work begins as funds are received.

Sincerely,

RICE OPERATING COMPANY

Carolyn Doran Haynes
Operations Engineer

Enclosures: C-103's for EME L-21 and EME I-1
               MIT charts for EME L-21 and EME I-1

Cc: TG, LG, file;   Mr. David Catanach
                           OIL CONSERVATION DIVISION - UIC
                           2040 South Pacheco Street
                           Santa Fe, NM 87505