

RICE Operating Company

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

February 2, 2001

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:

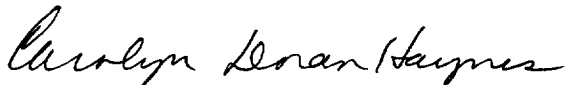
Pursuant to the NMOCD UIC Director, David Catanach, ordering the installation of plastic-lined tubing and packers in the SWD wells presently utilizing an oil-blanket, Rice Operating Company (ROC) would like to submit for approval the final C-103 form and the MIT test chart for Eunice Monument Eumont (EME) SWD Well K-33. The MIT for Well K-33 was not witnessed by OCD, but tested within the limit.

ROC is also submitting for approval the P&A reports for Vacuum SWD Well G-35 and Hobbs SWD Well P-16. The P&A wellhead markers have been contracted with Custom Welding and are scheduled to be installed the week of February 5. The well site for Hobbs SWD Well P-16 is scheduled to be cleared and returned to natural vegetation the week of February 12. The well site for Vacuum SWD Well G-35 has been AFE'd for approval and funding to close the terminal facility and close the below-grade redwood tank pursuant to NMOCD guidelines. (A new terminal facility must be installed at Vacuum SWD Well H-35 before the G-35 facility can be taken out of service.) This work is proposed to be accomplished before October 1, 2001.

ROC is the service provider (operator) for Seven Salt Water Disposal Systems in Lea County, NM: Eunice-Monument-Eumont (EME) SWD System, Blinbry 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 K-33, Hobbs P-16, Vacuum G-35
MIT charts for EME K-33

Cc: TG, LG, file;

Mr. David Catanach
OIL CONSERVATION DIVISION - UIC
1220 S. St. Francis Drive
Santa Fe, NM 87504