RICE *Operating Company*

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November 27, 2000

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

Re: Mechanical Integrity Test (MIT) Requirements
EME Salt Water Disposal System, SWD Well K-33

Dear Mr. Williams:

The Eunice Monument Eumont (EME) SWD Well K-33 is one of the disposal wells that utilized the oil-blanket completion that NMOCD UIC has ordered be re-completed with an injection packer. Rice Operating Company (ROC) is at this time requesting special consideration of this UIC order for Well K-33.

ROC is the service provider (operator) for the EME SWD System. ROC has no ownership of any portion of pipelines, disposal wells, equipment or facilities. The EME 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.

The oil blanket completion that served SWD Well K-33 had been in use for almost 40 years (the well has not required service 1961). ROC serviced this well in October 2000 to install an injection packer and found the 7" casing below 3537' to be impaired and failed to hold pressure. The 7" casing above 3537' was found to hold pressure, but an integrity log revealed some areas of corrosion. It was decided among the EME System Partners that installing a 5 ½" casing liner would be the optimum method of repairing the wellbore. The NMOCD allowed a special waiver (of the packer placement 100' above injection interval) so the well could be temporarily restored to disposal while ROC organizes the materials and equipment needed to install the casing liner.

Because this well is a strategic disposal well for the EME SWD System, as much disposal capacity as possible must be retained. Downsizing the tubulars from 5 ½" to 3 ½" or 2 7/8" (in order to fit through the new 5 ½" casing liner) would greatly diminish the "vacuum" disposal capacity. ROC would like to propose utilizing a polyethylene casing liner, the "Ener-bore casing system" installed by Enerline Technologies, Inc., to form a permanent casing protection barrier that would allow disposal directly down this 5 ½" casing liner. Although this completion does not involve tubing and a packer, the casing mechanical integrity test can still be accomplished by using a wireline plug assembly.

Considering this development, ROC, on behalf of the EME SWD System Partners, is applying for approval to install this tubing-less disposal completion in EME Well K-33. In order to accomplish this downhole work, ROC also pleads for an extension of the UIC order deadline of December 1, 2000. ROC plans to install this disposal equipment as soon as it is assembled and the work can be scheduled, anticipating it to be no later than February 1, 2001. (Enerline Technologies, Inc. will work this poly-bore installation into their schedule as soon as possible.)

Enclosed for your consideration is the current interim wellbore schematic and the proposed permanent wellbore schematic of Well K-33 and the C-103 form indicating the change in plans.

ROC has submitted to the NMOCD on this same date, a letter outlining the formal application for the UIC order deadline extension from December 1, 2000 to June 1, 2001 in order to complete the well servicing of EME M-9, EME K-33, and Hobbs East F-30 and the plug and abandon work of Hobbs P-16, Hobbs E-15, and Vacuum G-35.

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

Sincerely,

RICE OPERATING COMPANY

Carolyn Doran Haynes

Carolyn Doran Haynes
Operations Engineer

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