

RICE *Operating Company*

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May 15, 2000

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

Re: Mechanical Integrity Tests (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 for Blinebry-Drinkard (BD) SWD Wells H-35 and A-22. Both wells passed the MIT and are returned to injection.

The workover AFE for the six wells in the EME System has been approved and the funds are being collected. The wellwork is suspended at this time pending the reconditioning of tubing. (The tubing inspection and coating plants are experiencing a heavy workload and the ROC tubulars are in-line to be worked. The first two wellwork jobs have illustrated the necessity for tubulars to be on location at start-up, preventing extra downtime.) ROC expects to resume the wellwork by mid-June or at latest, mid-July. NMOCD will be notified at least 24 hours in advance of the MIT event for each well.

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

Cc: KH, LG, file;

Mr. David Catanach
OIL CONSERVATION DIVISION - UIC
2040 South Pacheco Street
Santa Fe, NM 87505