

Submit 3 Copies To Appropriate District  
Office  
District I  
1625 N. French Dr., Hobbs, NM 87240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

AUG 27 2009

Form C-103  
June 19, 2008

WELL API NO. 30-015-29043
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-1051
7. Lease Name or Unit Agreement Name: Millman "11" State
8. Well Number 3
9. OGRID Number 019958
10. Pool name or Wildcat Millman-Yates-SR-QN-GB-SA East

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH  
PROPOSALS)

1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	7. Lease Name or Unit Agreement Name: Millman "11" State
2. Name of Operator Stephens & Johnson Operating Co	8. Well Number 3
3. Address of Operator P O Box 2249, Wichita Falls, TX 76307	9. OGRID Number 019958
4. Well Location Unit Letter <u>J</u> : <u>1980</u> feet from the <u>South</u> line and <u>1830</u> feet from the <u>East</u> line Section <u>11</u> Township <u>19S</u> Range <u>28E</u> NMPM County <u>Eddy</u>	10. Pool name or Wildcat Millman-Yates-SR-QN-GB-SA East
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3442' KB; 3437' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐

OTHER: Extend TA Status

☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER:

☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

As per attached Letter of Violation dated August 6, 2009 the the TA status of Millman "11" State Well No. 3 has expired. Stephens & Johnson Operating Co. intends to perform a mechanical integrity test on this well on September 2, 2009 in order to extend the TA status of this well. The Millman waterflood program will be expanded in the near future and this well will be utilized as a future water injection well.

*BECAUSE OPERATOR JUST ACQUIRED THIS WELL, A TWO YEAR TA  
EXTENSION WILL BE GRANTED.*

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE William M. Kincaid TITLE Petroleum Engineer DATE 8-25-2009

mkincaid@sjoc.net

Type or print name William M. Kincaid E-mail address: mkincaid@sjoc.net PHONE 940-723-2166

For State Use Only

APPROVED BY Deborah Inae TITLE Compliance Officer DATE 9/8/09

Conditions of Approval (if any):



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

**\*Response Required – Deadline Enclosed\***

*Field Inspection Program*

*"Preserving the Integrity of Our Environment"*

06-Aug-09

**LOV NO. 02-09-042**

**STEPHENS & JOHNSON OP CO**

PO BOX 2249

WICHITA FALLS TX 76307

## LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

### INSPECTION DETAIL SECTION

<b>STATE 648 AC 811 No.071</b>				G-10-19S-28E	<b>30-015-02203-00-00</b>	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/06/2009	Routine/Periodic	Kimberly Wilson	Yes	No	9/7/2009	iKMW0921848271
<b>Comments on Inspection:</b> Idle well, last reported production was 7-06. Violation of NMAC 19.15.25.8 Operator must return well to beneficial use, TA or submit P/A procedure to OCD District II office no later than September 7, 2009 for approval.						
<b>EAST MILLMAN UNIT No.161</b>				I-14-19S-28E	<b>30-015-02254-00-00</b>	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/06/2009	Routine/Periodic	Kimberly Wilson	Yes	No	9/7/2009	iKMW0921847732
<b>Comments on Inspection:</b> Idle well, expired TA, last reported production was 1-1977. Violation of NMAC 19.15.25.8 Operator must return well to beneficial use, TA or submit P/A procedure to OCD District II office no later than September 7, 2009 for approval.						
<b>EAST MILLMAN UNIT No.199</b>				E-14-19S-28E	<b>30-015-27304-00-00</b>	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/06/2009	Routine/Periodic	Kimberly Wilson	Yes	No	9/7/2009	iKMW0921852943
<b>Comments on Inspection:</b> Idle well, expired TA, last reported production was 4-95. Violation of NMAC 19.15.25.8 Operator must return well to beneficial use, TA or submit P/A procedure to OCD District II office no later than September 7, 2009 for approval.						

**AR 22 STATE No.001**

I-22-19S-28E

**30-015-27780-00-00**

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/05/2009	Routine/Periodic	Kimberly Wilson	Yes	No	9/7/2009	iKMW0921745102
<b>Comments on Inspection:</b> Idle well, expired TA, last reported production was 3-1997. Violation of NMAC 19.15 25.8 Operator must return well to beneficial use, TA or submit P/A procedure to OCD District II office no later than September 7, 2009 for approval.						

**MILLMAN 11 STATE No.003**

J-11-19S-28E

**30-015-29043-00-00**

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/06/2009	Routine/Periodic	Kimberly Wilson	Yes	No	9/7/2009	iKMW0921853186
<b>Comments on Inspection:</b> Idle well, expired TA, last reported production was 12-01. Violation of NMAC 19.15.25.8 Operator must return well to beneficial use, TA or submit P/A procedure to OCD District II office no later than September 7, 2009 for approval.						

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

  
Artesia OCD District Office

**Note:** Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

\*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.