



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

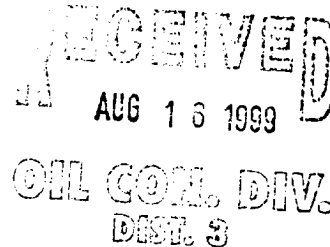
AUG 13 1999



IN REPLY REFER TO:
SF-077754
3162.5-1

Burlington Resources Oil and Gas Company
Attn.: Mary Ellen Lutey
P.O. Box 4289
Farmington, New Mexico 87499

Dear Ms. Lutey:



On Monday August 9, 1999, Jim Lovato of the BLM, and Ernie Busch with the NMOCD investigated a reported pump house fire at a residence on CR 2575 in Section 8, T. 30N., R. 10W., San Juan County, New Mexico. The fire was a result of natural gas build-up in the pump house and a control switch ignition source. A survey identified two other water wells in the vicinity with explosive levels of methane in the pump houses. A subsequent review of the natural gas wells in the vicinity identified the following well as a possible source for the natural gas:

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No. 1 Kelly-Knott, located 990' FSL and 990' FWL section 8, T. 30N., R. 10W., San Juan County, New Mexico on federal oil and gas lease SF-077754.

The well bore construction for this well indicates that the original top of cement was at or below 4500' with the Pictured Cliffs and Fruitland formations exposed behind pipe. In May of '93, the well was plugged back and sidetracked into the Mesaverde. During the workover, casing leaks were identified from 2908' to 2999' and squeezed with 350 sacks of cement. The top of the Pictured Cliffs is reported at 2910' and the top of the Fruitland formation is reported at 2719', and possibly still open to gas flow up the annulus.

In order to eliminate the threat of natural gas contamination of shallow aquifer supplies in the vicinity of this well, you are hereby required to file your plans for remediation of the referenced well or provide information that indicates that this well is adequately isolated. Absent this information, remediation will be required.

Under the provisions of 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized officer. Such a request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of any instructions, orders, or decisions unless the reviewing official so determines. Procedures governing appeals from instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.4 et seq.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

Errol Becher

Acting Team Leader, Petroleum Management Team

cc: NMOCD Aztec

bcc:

Well File

DOMR

07100:JLovato:8/12/99:Kelly-Knott1