



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
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GARY E. JOHNSON
GOVERNOR

JENNIFER A. SALISBURY
CABINET SECRETARY

May 13, 1997

Mr Chester Deal
Chateau Oil&Gas Inc.
PO Box 2038
Farmington N M 87499

RE: Southern Union #1, M-19-31N-12W, 30-045-10762
Kaufman #1-E, O-33-31N-13W, 30-045-25972
Duke #1, H-13-31N-13W, 30-045-10762
Landauer #1-E, I-3-31N-13W, 30-045-23791

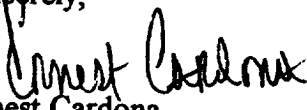
Dear Mr. Deal:

The 1996 Packer Leakage tests on the above referenced wells indicate communication between the producible zones. Mr. Johnny Robinson of our office wrote to Ms Kay Eckstein concerning the last Packer Leakage tests submitted on the Southern Union #1, Kaufman #1-E and the Duke #1 wells indicating that the same communication problems existed, and he requested remedial action be taken to bring these wells into compliance (copies of letters attached to corresponding returned Packer Leakage tests). According to our records and the subsequent Packer Leakage tests submitted on these wells, no remedial action was ever conducted on them to bring them into compliance.

In order to comply with N.M.O.C.D Rule #112-A you are hereby directed to have completed any remedial work required to bring the above referenced wells into compliance by May 15, 1998, and retest. Our office also requests that you respond to our office in letter form by May 23, 1997, what steps you will be taking and by what date you intend to have these wells in compliance.

Please feel free to call me at this office if you have any questions.

Sincerely,


Ernest Cardona
Deputy O&G Inspector

EC/sh

attachments

XC: Well file EC files Packer Leakage file