



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

Gary Johnson  
GOVERNOR  
Jennifer A. Salisbury  
CABINET SECRETARY

2/23/00

Kevin O. Butler and Associates  
P.O. Box 1171  
Midland, Texas 79702

Re: June 2, 1999 meeting at the Hobbs New Mexico Oil Conservation Division (NMOCD) office with Gary Wink, Field Representative II.

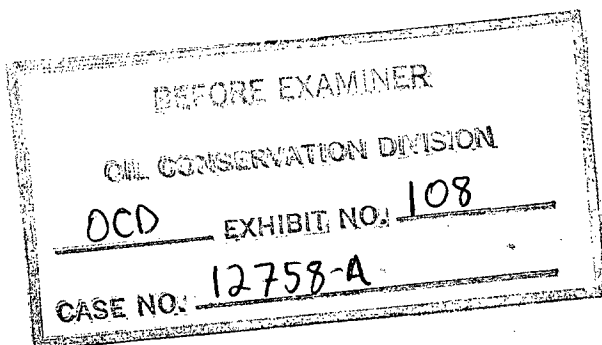
Dear Mr. Butler:

At the meeting, on June 2, 1999, a discussion was held about non-compliance issues on various leases operated by Kevin O. Butler and Associates Inc.(KOB), in Lea County New Mexico. During the meeting KOB agreed to address these non-compliance issues within 90 days in writing to Gary Wink. As of this date, the NMOCD has not received any correspondence from KOB. In addition, we understand KOB is purchasing additional properties from Headington Oil Co. Until the present compliance issues are addressed, the NMOCD shall not approve the change of operator for any other properties to KOB. A response from KOB is needed by 15 days from receipt of this letter. Attached is information about the compliance issues.

If there are any questions, KOB can contact Chris Williams at the NMOCD office (505)-393-6161 X 102 or Gary Wink at (505)-393-6161 X114.

Sincerely

Chris Williams  
District 1 Supervisor



## KOB Non-Compliance Issues

### **Maxwell #2 API #30-025-23089, SWD Order #315**

C104 Change of operator from Lindermuth & Associates Inc. to KOB effective date 7/1/98 approved 8/18/98. This well failed mechanical integrity test 3/12/91. A letter from Jerry Sexton, former Hobbs District Supervisor, addressed to Kirby Exploration Co. of Texas, the letter states the packer in this well is set at 8510'. This is 1114' above the top perforation for the approved Wolfcamp formation. The packer should be within 100' of the top Wolfcamp perforation at 9624'. No work has been done on this well since 1991. **Shut well in until packer can be reset and perform MIT test to NMOCD specifications.**

### **E.B. Anderson #2 API # 30-025-22454, SWD Order #328**

C104 Change of operator from Kaiser Francis Oil Co. to KOB effective date 6/1/96 approved 6/13/96. There is a notice of intent to plug this well, approved 4/22/96. According to our records the last test we show on this well was a bradenhead test 10/8/93. Our records show this well to be active, but on inspection, the well is shut in. KOB has the following options: **(1) Restore the well to disposal, injection or production and perform necessary mechanical integrity test (s). Set a cast iron bridge plug and conduct a mechanical integrity test for temporary abandon status, or plug and abandon the well.**

**South Caprock Queen Unit #15 API # 30-005-01161:** This well had no bradenhead test for 1999. Last bradenhead test 3/28/98. Pressure test due 4/25/2000.

**South Caprock Queen Unit #16-API # 30-005-00661:** C-104 dated 3/28/94 reporting well shut in. Last bradenhead test 7/12/89. Options: **(1) Restore the well to disposal, injection or production and perform necessary mechanical integrity test (s). Set a cast iron bridge plug and conduct a mechanical integrity test for temporary abandon status, or plug and abandon the well.**

**South Caprock Queen Unit #10 API # 30-005-00658:** C-104 dated 3/28/94 reporting well shut-in. Last bradenhead test 7/12/89. Options: **(1) Restore the well to disposal, injection or production and perform necessary mechanical integrity test (s). Set a cast iron bridge plug and conduct a mechanical integrity test for temporary abandon status, or plug and abandon the well.**

**Gulf Federal SWD #1 API # 30-025-20991:** C-104 Change of operator effective 2/1/93. Last bradenhead test 11/3/99-O.K. Last date of injection 12/1997. Since this well hasn't injected for over one year **KOB must re-apply for injection authority.** Options: **(1) Restore the well to disposal, injection or production and perform necessary mechanical integrity test (s). Set a cast iron bridge plug and conduct a mechanical integrity test for temporary abandon status, or plug and abandon the well.**

**East E.K. Queen Unit # 10 API # 30-025-22766:** C-104 Change of operator from Penroc to KOB effective date 9/1/98. TA status approved till 11/25/2002.

**East E.K. Queen Unit # 6 API # 30-025-02360:** TA status approved till 11/26/2002.

**East E.K. Queen Unit # 5 API # 30-025-02359:** TA status approved till 11/26/2002.

**East E.K. Queen Unit # 4 API # 30-025-02356:** MIT O.K. 2/24/99. Showing active status on RBDMS. Field representative will check status.

**East E.K. Queen Unit #9 API # 30-025-22730:** No record of bradenhead test or MIT-last C-103 Sundry Notice was a P&A rescinded 8/11/86. TA status expired 6/1/87. Options: (1) Restore the well to disposal, injection or production and perform necessary mechanical integrity test (s). Set a cast iron bridge plug and conduct a mechanical integrity test for temporary abandon status, or plug and abandon the well.

**East E.K. Queen Unit # 2 API # 30-025-02361:** Oil production dropped from 49 BOPM in May 1998 to 3 BOPM in June 1998. Production 1 BOPM through 10/99. Field representative will check status.

**East E.K. Queen Unit # 3 API # 30-025-02357:** Production being reported as 1 BOPM through 10/99. Field representative will check status.

**East E.K. Queen Unit # 12 API # 30-025-27948:** C-103 P&A rescinded 8/11/86. Well returned to production 12/1/86. C-104 Change of operator to KOB effective 9/1/98. Reported production 0 BOPM - 2 BWPM through 10/99. Field representative will check status.

**East E.K. Queen Unit # 7 API # 30-025-22362:** C-103 filed to P&A rescinded and returned to production 12/1/86. C-104 Change of operator effective 9/1/98. Production being reported 0 BOPM-1 BWPM through 10/99. Field Representative will check status.

**East E.K. Queen Unit # 8 API # 30-025-22529:** C-104 Change of operator effective 9/1/98. TA status approved 11/27/97 till 11/26/2002. Last production reported 12/73, produced 99 days 24538 MCF gas-31886 BO-33780 BW. (322 BOPD-248MCFD-341 BWD)

**Delmont L. Hatfield # 1 API # 30-025-27487:** Last ONGARD production report 10/99 31 days produced 160 BOPM-660BWPM. O.K. C-104 from Marathon to KOB effective 6/1/96.

**South Caprock Queen Unit (SCQU) Tract 68 # 3 API # 30-025-0190:** C-104 Change of operator effective 2/1/94 from Union of California to KOB, no production since change of operator.

**SCQU Tract 49 # 3 API # 30-005-00674:** No Production since change of operator.

**SCQU " 48 # 17 API # 30-005-21000:** " " " "

**SCQU " 48 # 15 API # 30-005-00662:** " " " "

**SCQU " 39 # 5 API # 30-005-00670:** " " " "

**SCQU " 32 # 11 API # 30-005-00657:** " " " "

These wells are shut in according to well files.

(1) Restore the well to disposal, injection or production and perform necessary mechanical

**integrity test (s). Set a cast iron bridge plug and conduct a mechanical integrity test for temporary abandon status, or plug and abandon the well.**

**SCQU Tract 70 # 14 API # 30-005-01193:** C-104 change of operator from Union of California to KOB effective 2/1/94. C-103 filed 3/24/72 intent to P&A. ONGARD shows production 2/1/94 to 10/99. Shows production at 4 BOPM-9BWPM since May 1999 to 10/99. **Need to test well.**

**SCQU Tract 67 # 12 API # 30-005-01180:** C-104 change of operator from Union of California to KOB effective 2/1/94. ONGARD shows production from 2/1/94 to 10/99. Shows production at 4 BOPM-9BWPM since May 99 to 10/99. **Need to test well.**

**Federal A # 1 API # 30-025-21806:** C-104 change of operator effective 10/1/97 from Union of California to KOB. No production since 1/1998. Status on ONGARD shows active. **(1) Restore the well to disposal, injection or production and perform necessary mechanical integrity test (s). Set a cast iron bridge plug and conduct a mechanical integrity test for temporary abandon status, or plug and abandon the well.**

**E.B. Anderson # 1 API # 30-025-22340:** C-104 change of operator Kaiser Francis to KOB. O.K.

**E.B. Anderson # 3 API # 30-025-29786:** C-104 change of operator 6/1/96 from Kaiser Francis to KOB. ONGARD shows no production since change of operator. **(1) Restore the well to disposal, injection or production and perform necessary mechanical integrity test (s). Set a cast iron bridge plug and conduct a mechanical integrity test for temporary abandon status, or plug and abandon the well.**

**Maxwell # 1 API # 30-025-21186:** C-104 change of operator 6/1/98 from Lindermuth & Assoc. to KOB. Missing June, July, and August production reports. **Need to submit production reports for missing months.**

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- MIDLAND/ODESSA TX 797 02/13/01
- ☐ Complete items 1 and/or 2 for additional services.
  - ☐ Complete items 3, 4a, and 4b.
  - ☐ Print your name and address on the reverse of this form so that we can return this card to you.
  - ☐ Attach this form to the front of the mailpiece, or on the back if space does not permit.
  - ☐ Write "Return Receipt Requested" on the mailpiece below the article number.
  - ☐ The Return Receipt will show to whom the article was delivered and the date delivered.

Also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

3. Article Addressed to:

KEVIN D. BUTLER & ASSOC.  
P.O. BOX 1171  
MIDLAND, TX 79702

4a. Article Number

2402 701 800

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

2-28-00

5. Received By: (Print Name)

*[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

6. Signature

*[Signature]*

PS Form 38

Thank you for using Return Receipt Service