

Primero Operating, Inc.

OGRID: 18100

ACD 236 Closed: 6/6/08

NOV 2-08-07

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BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14186 Exhibit No. 19
Submitted by:
McElvain Oil & Gas Properties, Inc.
Hearing Date: October 15, 2008

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



NOTICE OF VIOLATION NOV No. 02-08-07

Response Required-Deadline Enclosed

March 12, 2008

Primero Operating Inc.
Attn: Tammy Link
P.O. Box 1433
Roswell, NM 88202

Certified Mail No. 7099 3220 0009 7873 0547

Re: Operator: Primero Operating Inc.; OGRID No. 18100
Facility: Luke State No. 003; 30-005-63387; M-3-08S-27E
Violations: OCD Rule 19.15.2.50(C)(2)(b)(i) NMAC
OCD Rule 19.15.2.50(F)(1) NMAC

Dear Operator:

Oil Conservation Division ("OCD") records show Primero Operating Inc. ("Primero") to be the operator of record for the Luke State No. 003.

On November 11, 2007, OCD Deputy Oil & Gas Inspector Phil Hawkins inspected the Luke State No. 003 in response to a land owner complaint.

During his inspection Deputy Inspector Hawkins observed an open drilling pit.

OCD Rule 19.15.2.50(F)(1) NMAC ("Rule 50") requires pits to be closed within six months after cessation of use.

The job requiring the pit was completed in July 2005. Under OCD Rule 50(F)(1), the pit should have been closed within six months of July 2005. This is a violation of OCD Rule 50.

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



During his inspection Deputy Inspector Hawkins also noticed that the sides of the liner had fallen into the pit and were below the fluid level. Enclosed are photographs of the pit and the liner. The well sign also did not have the current operator.

On November 14, 2007, Deputy Inspector Hawkins sent a Letter of Violation (LOV No. 02-07-219) to Primero. The letter informed Primero of the violations. The letter informed Primero that the pit must be sampled and the results approved by OCD prior to closure. Primero was asked to complete corrective action by December 3, 2007.

As of this date, Primero has taken no action to close the pit.

Primero knowingly and willfully violated OCD Rule 50 by not closing the pit, even after being advised to do so.

Primero's misconduct warrants issuance of this Notice of Violation and assessment of civil penalties pursuant to NMSA 1978, §70-2-31(A) for violations of the OCD rules described above. Section 70-2-31(A) authorizes penalties of up to **one thousand dollars (\$1,000.00)** per day per violation for any knowing and willful violation of any provision of the Oil and Gas Act or any rule adopted pursuant to the Act.

Because the rule violation at issue is serious and occurred over a period of time, the OCD believes at this time a **Three Thousand Dollars (\$3,000)** civil penalty and a definite commitment to future corrective action are essential.

Please contact me within ten (10) days of the date of this letter at (505) 476-3493, to schedule an administrative conference to discuss this matter. OCD legal counsel may be present by telephone for this conference, and you may bring legal counsel if you wish. The purpose of the administrative conference is to discuss the facts surrounding this notice of violation, and to determine if the matter can be resolved administratively through an agreed compliance order.

If this matter cannot be resolved administratively, the OCD may take further enforcement action, which may include an enforcement hearing before an OCD hearing examiner seeking an order requiring that the wells be plugged and abandoned pursuant to NMSA 1978, § 70-2-14(B). That statute provides:

If any of the requirements of the Oil and Gas Act or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

Primero Operating Inc.
NOV No. 02-08-07
March 12, 2008
Page 3 of 3

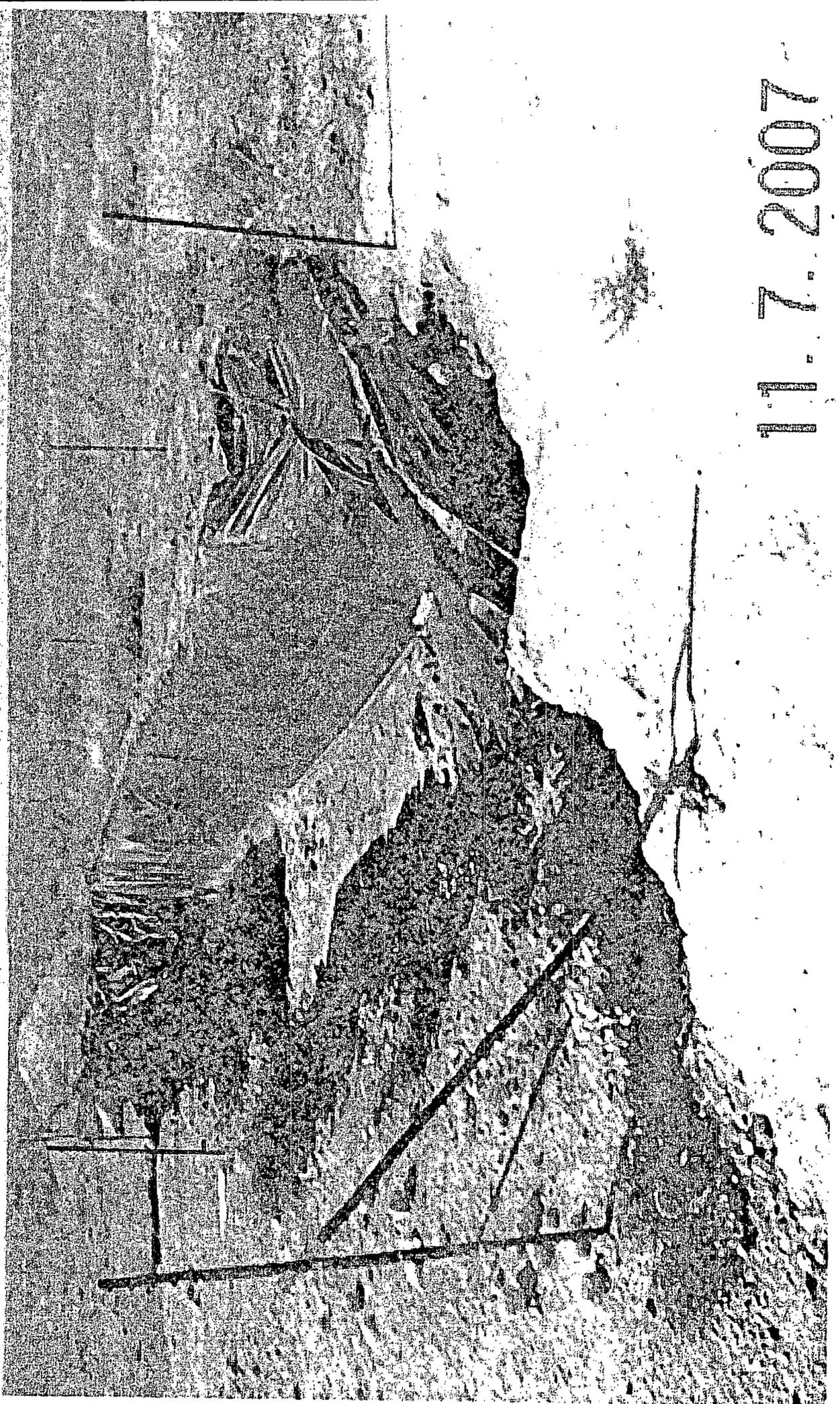
Your prompt attention to this matter is appreciated.

Sincerely yours,



Daniel Sanchez
OCD Enforcement and Compliance Manager

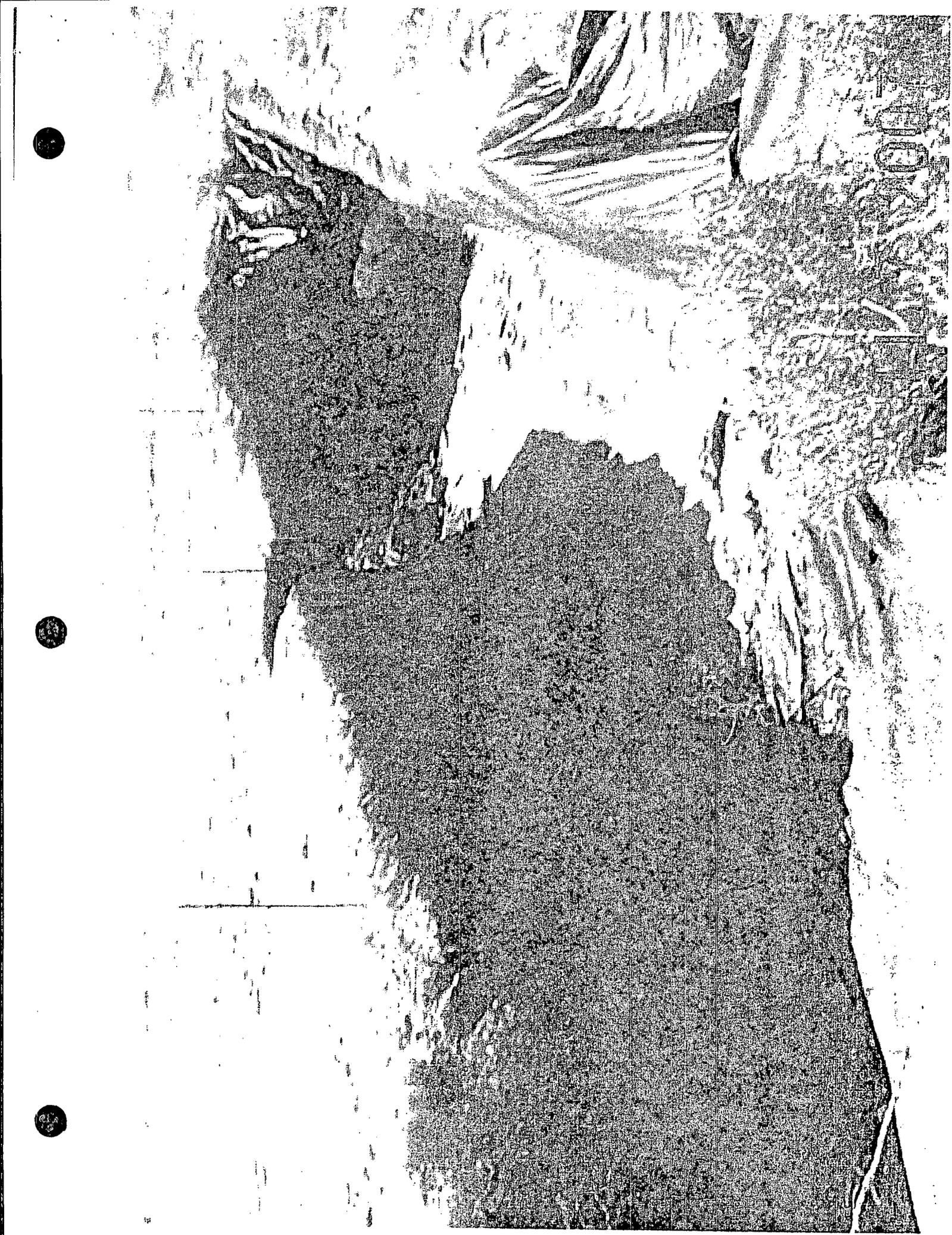
CC: Tim Gum, OCD District II Supervisor
Gerry Guye, OCD District II Compliance Officer
Phil Hawkins, OCD District II Compliance Officer
Sonny Swazo, Assistant General Counsel



11.7.2007



11.7.2007





11.7.2007



11.7.2007





New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 5, 2008

Phelps White
Primero Operating Inc.
P.O. Box 1433
Roswell, NM 88202

Lucas Williams, Esq.
P.O. Box 10
Roswell, New Mexico 88202
Email: lwilliams@hinklelawfirm.com

Re: Agreed Compliance Order No. 236 / Notice of Violation No. 02-08-07
Operator: Primero Operating Inc.; OGRID No. 18100
Facility: Luke State No. 003; 30-005-63387; M-3-08S-27E

Dear Mr. White:

Thank you for signing and returning the enclosed Agreed Compliance Order ("ACO").

Under the ACO's terms, Primero Operating Inc. must close the pit at the above identified well site by **June 4, 2008**.

We appreciate your assistance and courtesy in handling this matter. Please contact me at (505) 476-3463 or sonny.swazo@state.nm.us if you have any questions.

Sincerely yours,


Sonny Swazo
OCD Assistant General Counsel

ec: Daniel Sanchez, OCD Enforcement and Compliance Manager
Tim Gum, Supervisor, OCD District II
Gerry Guye, Compliance Officer, OCD District II

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

ACO No. 236

IN THE MATTER OF PRIMERO OPERATING INC.,

Respondent.

AGREED ORDER DIRECTING COMPLIANCE
AND ASSESSING CIVIL PENALTY

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, §§ 70-2-1 through 70-2-38, as amended ("Act"), and the regulations promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico ("OCD") issues this Order ("Order," "Agreed Compliance Order," or "ACO") to Primero Operating Inc. (hereinafter "Primero" or "Operator") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules.

I. FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Operator is a domestic for-profit corporation registered to do business in New Mexico under SCC Number 1516624. Operator's principal address of record with the New Mexico Public Regulation Commission is 400 North Pennsylvania Ave., Suite 840, Roswell, New Mexico 88201.
3. Operator operates wells within New Mexico under OGRID 18100.
4. Operator's current address of record with the OCD is P.O. Box 1433, Roswell, New Mexico 88202.
5. Effective January 1, 2007, Operator has been and is operator of record of the following well:
 - a. Luke State No. 003; 30-005-63387; M-3-08S-27E
6. The Luke State No. 003 was operated by Collins Oil and Gas Corporation of Roswell, New Mexico (hereinafter "Collins") from December 9, 2004, to January 1, 2007.
7. OCD Rule 19.15.2.50(F)(1) NMAC ("Rule 50") states a pit "shall be properly closed within six months after cessation of use."

8. The job conducted by Collins requiring pit closure was completed in July 2005. Under OCD Rule 50(F)(1), the pit should have been closed within six months of July 2005.
9. On December 2, 2005, Collins received OCD approval to close its open drilling pit on the Luke State No. 003.
10. The pit was not closed timely.
11. Sometime prior to July 10, 2007, a change of operator form was submitted for the Luke State No. 003 that identified the date of change of operator from Collins to Primero as being effective January 1, 2007. On July 10, 2007, the OCD approved the change of operator on the Luke State No. 003 from Collins to Primero.
12. On November 11, 2007, OCD Deputy Oil & Gas Inspector Phil Hawkins observed an open drilling pit during his inspection of the Luke State No. 003.
13. On November 14, 2007, Deputy Inspector Hawkins sent Operator a Letter of Violation (LOV No. 02-07-219) which informed Operator of the pit violation. The letter also noted that the pit liner had fallen down. The letter advised Operator that the "[p]it must be sampled and the results approved by OCD prior to closing." Operator was asked to complete corrective action by December 3, 2007.
14. The pit remained open after the December 3, 2007 deadline.
15. As a result, OCD issued Notice of Violation No. 02-08-07, which alleged that Operator knowingly and willfully violated OCD Rule 50.
16. An administrative conference on the notice of violation was held on April 8, 2008 at the OCD's Artesia District Office. Operator's President, Phelps White, and its attorney, Lucas Williams, appeared in person for the conference.
17. At the conference Mr. White said he did not respond to the November 14 letter because he was on a job in Pecos. Additionally, although Operator has paid a dirt contractor \$15,000 to close the pit, Operator's efforts to close the pit have been impacted by pending litigation presently styled *Primero Operating, Inc. v. McMullen Energy Company, LLC, Case No. D-504-CV-200701134*.

II. CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Operator is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, § 70-2-31(A).

3. NMSA 1978, § 70-2-31(A) states, “[a]ny person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate offense.”
4. Operator does not contest that it is subject to civil penalties under NMSA 1978, § 70-2-31(A).

III. ORDER & CIVIL PENALTY ASSESSMENT

1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty against Operator totaling **Three Thousand Dollars (\$3,000.00)**.
2. The **Three Thousand Dollars (\$3,000.00)** civil penalty shall be waived on the following condition:
 - a. Operator closes the pit no later than thirty (30) days from execution of the ACO or no later than any extension granted by OCD pursuant to Ordering Paragraph No. 5.
3. If Operator fails to close the pit no later than thirty (30) days from execution of the ACO or no later than any extension granted by OCD pursuant to Ordering Paragraph No. 5, payment of the \$3,000.00 shall become immediately due. In addition, further enforcement action may result.

Payment shall be made by certified or cashier's check made payable to the “New Mexico Oil Conservation Division,” and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.

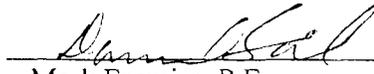
4. By signing this Order, Operator expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with the Order;
 - c. waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order; and
 - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a Final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.

5. For good cause shown, Operator may request an extension to complete the requirements as set out in Ordering Paragraph No. 2. Such notification ("notice") shall reasonably describe the circumstances encountered by Operator that prohibits it from meeting the deadlines set out herein.

Within ten (10) days of receipt of this notice, the OCD shall either approve the extended time requested by Operator by executing a written amendment to this Order, or notify Operator that it will not extend the deadline. The OCD's approval of a time extension shall not be unreasonably withheld.

6. Nothing in this Order relieves Operator of its liability should its operations fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves Operator of its responsibility for compliance with any other federal, state or local laws and/or regulations.

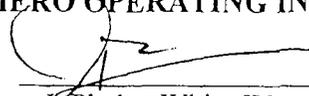
Done at Santa Fe, New Mexico this 5th day of ~~April~~^{May} 2008.

By: 
by Mark Fesmire, P.E.
Director, Oil Conservation Division

ACCEPTANCE

Primero Operating Inc. hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth in the Order.

PRIMERO OPERATING INC.

By: 
J. Phelps White IV
President, Primero Operating Inc.

Date: 4-28-08

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

NOTIFY OCD TO WITNESS
ALL CASING STRINGS

RECEIVED Submit to appropriate District Office
DEC - 8 2004 AMENDED REPORT

Production

DE-ARTESIA
PLUGBACK, OR ADD A ZONE

APPLICATION FOR PERMIT

Operator Name and Address Collins Oil & Gas Corporation P.O. Box 2443, Roswell, NM 88202		OGRID Number 004889
Property Code	Property Name Luke State	API Number 30-005-63387
Proposed Pool I ACME SAN ANDRES		Well No. 3
Proposed Pool II		

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	8-S	27E		660	South	660	West	Chaves

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

Work Type Code E	Well Type Code 0	Cable/Rotary R	Lease Type Code S-LG-978-1	Ground Level Elevation 3914
Multiple S	Proposed Depth 2450'	Formation San-Andres	Contractor Collins Oil	Spud Date 1-10-05
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/>		Pit Volum: 80 bbls		Drilling Method:
Closed-Loop System <input type="checkbox"/>		Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8-5/8"	24 lb.	865' existing casing circulated 600 sxs		
7-7/8"	5 1/2"	15.50	2450' sufficient to circulate to surface		

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

- We propose to rig up pulling unit, reverse unit with B.O.P. Drill out cement plugs at surface, and 865' of existing 8-5/8" casing.
- Run 5 1/2" casing to approximately 2450' and circulate cement to surface. Perforate casing & acidize in an attempt to complete well in San-Andres Formation. P# 1940-1990
- No dangerous levels of Hydrogen Sulfide gas anticipated. Monitors and safety equipment to be on location.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

OIL CONSERVATION DIVISION

Approved by:

TIM W. GUM

DISTRICT II SUPERVISOR

Printed name: Roy D. Collins

Title:

Title: Pres. Collins Oil & Gas Corp

Approval Date: DEC 09 2004

Expiration Date: DEC 09 2005

E-mail Address: COLLINSOIL@DFN.COM

Date: 12-07-04

Phone: 623-2040

Conditions of Approval Attached

District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No

Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: Collins OIL & Gas Corp. Telephone: 505-623-2040 e-mail address: COLLINSOIL @ DFN.COM
Address: P. O. Box 2443, Roswell, NM 88202-2443
Facility or well name: Luke State #3 APT #: 30-005-63387 U/L or Qu/Qt: M Sec: 3 T8-S R27E
County: Chaves Latitude _____ Longitude _____ NAD: 1927 1983
Surface Owner: Federal State Private Indian

Pit Type: Drilling <input type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input checked="" type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>80</u> bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why: not.
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Depth to ground water: (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>NW/NW Sec. 9-8S-27E. 161'</u>	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points)	RECEIVED DEC - 8 2004 ARTESIA
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.) Yes _____ No <u>Approx. 1 mile</u>	Yes (20 points) No (0 points)	
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more <u>Approx. 4 miles</u> (0 points)		
Ranking Score (Total Points)		<u>0</u>

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite offsite If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including mediation start date and end date. (4) Groundwater encountered: No Yes If yes, show depth below ground surface _____ ft. and attach sample results. Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines a general permit or an (attached) alternative OCD-approved plan .

Date: 12-07-04
Printed Name/Title: Roy D. Collins Pres. Signature: Roy D. Collins

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approved: [Signature] Signature: [Signature] Date: DEC 8 2004
Printed Name/Title: _____

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
30-005-63387

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
LG-978-1

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.)

7. Lease Name or Unit Agreement Name

1. Type of Well:
OIL WELL GAS WELL OTHER

RECEIVED

2. Name of Operator
Collins OIL & Gas Corporation

Luke State

3. Address of Operator
P.O. Box 2443, Roswell, NM 88202-2443

8. Well No.
3

4. Well Location
Unit Letter M : 660 Feet From The South Line and 660 Feet From The West Line

9. Pool name or Wildcat
Acme-San Andres

Section 3 Township 8-S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3914 G1

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input checked="" type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
DRILL OR ALTER CASING <input checked="" type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Amend Casing Depth <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

2. 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.

Run 5½" casing to approximately 2160' and circulate cement to surface.
Perforate casing from 1940' to 1990' and acidize well in San Andres
Formation.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Roy D. Collins TITLE Pres. Collins Oil & Gas DATE 2-28-05
NAME OR PRINT NAME Roy D. Collins TELEPHONE NO. 623-2040

APPROVED BY _____ TITLE _____ DATE MAR 02 2005
CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
30-005-63387

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
LG-987-1

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.)

7. Lease Name or Unit Agreement Name

1. Type of Well:
OIL WELL GAS WELL OTHER

RECEIVED

MAR 16 2005

Luke State

2. Name of Operator
Collins Oil & Gas Corporation

8. Well No.

3

3. Address of Operator
P.O. Box 2443, Roswell, NM 88202-2443

9. Pool name or Wildcat
Acme-San Andres

4. Well Location
Unit Letter M : 660 Feet From The South Line and 660 Feet From The West Line

Section 3 Township 8-S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

3914 GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK

PLUG AND ABANDON

REMEDIAL WORK

ALTERING CASING

TEMPORARILY ABANDON

CHANGE PLANS

COMMENCE DRILLING OPNS.

PLUG AND ABANDONMENT

DRILL OR ALTER CASING

CASING TEST AND CEMENT JOB

OTHER:

OTHER:

2. 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.

3-02-05 Rigged up pulling unit with reverse unit. Drilled out cement plugs at surface and 578'. T.D. hole at 2248'.

3-07-05 Ran 2188' of 5½", 15.50 lb. casing with float shoe and float collar in bottom joint. Pumped 400 sxs. of Class "C" cement approximately 31 sxs. to pit.

3-15-05 Logged and perforated well with 2 s.p.f. at 1955, 1958, 1959, 1960, 1968, 1969, 1970, 1974, 1976, 1984, 1985, 1986, 1988, & 1990' total of 28 holes.

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

SIGNATURE Roy D. Collins TITLE Pres. Collins O/G DATE 3-16-05

PRINT NAME ROY D. COLLINS TELEPHONE NO. 625-2040

(Use space for State Use)

FOR RECORDS ONLY

MAR 16 2005

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.	30-005-63387
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	LG-987-1

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 <input type="checkbox"/>
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2. Name of Operator	Collins Oil & Gas Corporation
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3. Address of Operator	P.O. Box 2443, Roswell, NM 88202-2443
------------------------	---------------------------------------

4. Well Location	Unit Letter <u>M</u> : <u>660</u> Feet From The <u>South</u> Line and <u>660</u> Feet From The <u>West</u> Line
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Section	<u>3</u>	Township	<u>8-S</u>	Range	<u>27E</u>	NMPM Chaves	County
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10. Elevation (Show whether DF, RKB, RT, GR, etc.)	3914 GL
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11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data			
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:		
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
DRILL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>Completion</u> <input type="checkbox"/>	

2. 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.

3-25-05 Ran 1880' of 2-3/8" tubing with packer. Acidized well with 178 bbls. of 20% HCL acid. Broke formation at 3100 lbs. Pumped 3.5 bbls. per minute at 2700 lbs. Flowed back well and swabbed.

3-28-05 Tripped tubing & packer. Ran 2080' of tubing, with pump and rods.

4-03-05 Installed pumping unit with stationary motor to test well.

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

SIGNATURE Roy D. Collins TITLE Pres. Collins Oil & Gas DATE 4-10-05

TELEPHONE NO. 623-2040

APR 18 2005

FOR RECORDS ONLY

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

RECEIVED

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

MAY 12 2005

WELL API NO. 30-005-63387
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. LG-978-1
7. Lease Name or Unit Agreement Name Luke State
8. Well No. 3
9. Pool name or Wildcat Acme-San Andres

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 <input type="checkbox"/>
2. Name of Operator Collins Oil & Gas Corporation
3. Address of Operator P.O. Box 2443, Roswell, NM 88202-2443

4. Well Location
Unit Letter M : 660 Feet From The South Line and 660 Feet From The West Line
Section 3 Township 8-S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, R&D, RT, GR, etc.)
3914 GL

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

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
DRILL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: <u>Test on Well</u> <input type="checkbox"/>

2. 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.

5-10-05 Perforations at 1988', 1989', & 1990' making 35 BWPD & 1/2 BOPD. Waiting on Pulling Unit to set plug at 1980' and isolate bottom zone. We will test top perforations in an attempt to make a commercial well.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Ray H. Cella TITLE Pres. Collins Oil & Gas Corp. 5-10-05
FLOOR PRINT NAME _____ TELEPHONE NO. 623-2040

APPROVED BY _____ DATE MAY 15 2005
CONDITIONS OF APPROVAL _____
Please note that this form is being denied due to lack of information.
Please submit on Current C 103 form BCD

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
30-005-63387

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
LG-987-1

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.)

7. Lease Name or Unit Agreement Name

1. Type of Well:
OIL WELL GAS WELL OTHER

RECEIVED

Luke State

2. Name of Operator
Collins Oil & Gas Corporation

JUL 18 2005

8. Well No.
3

3. Address of Operator
P.O. Box 2443, Roswell, NM 88202-2443

9. Lease name or Wellcat
Acme-San Andrs

4. Well Location
Unit Letter M : 660 Feet From The South Line and 660 Feet From The West Line

Section 3 Township 8-S Range 27E NMPM Chaves County
10. Elevation (Show whether DI, RKII, RT, GR, etc.)
3914 GL

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
WELL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>Pressure test on casing to T/A</u> <input type="checkbox"/>	

2. 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.

7-15-05 Loaded casing with fresh water and packer fluid.
Pressure tested to 500 lbs. for 30 minutes casing tested.

Testimony Abandoned Status approved
with 7-15-2010

CIBP's @ 1980 & 1855'

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

NATURE Roy D Collins TITLE Pres. Collins Oil & Gas DATE 7-17-05

NAME OR PRINT NAME Roy D Collins TELEPHONE NO. 623-2040

(space for State Use) [Signature] Field Supervisor DATE JUL 22 2005

APPROVED BY _____ TITLE _____ DATE _____

REASONS OF APPROVAL, IF ANY: _____

Submit 3 Copies
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District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
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DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL APJ NO.
30=005-63387

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
IG-987-1

7. Lease Name or Unit Agreement Name

Luke State

8. Well No.

9. Pool name or Wildcat

Acme-San Andrs

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 GAS WELL OTHER

RECEIVED

2. Name of Operator

JUL 18 2005

3. Address of Operator

Collins Oil & Gas Corporation ~~C/O: ASTRON~~

P.O. Box 2443, Roswell, NM 88202-2443

4. Well Location

Unit Letter M : 660 Feet From The South Line and 660 Feet From The West Line

Section 3 Township 8-S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3914 GL

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
DRILL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>Pressure test on casing to T/A</u> <input type="checkbox"/>	

2. 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.

7-15-05 Loaded casing with fresh water and packer fluid.
Pressure tested to 500 lbs. for 30 minutes casing tested.

Temporary Abandoned Status approved
until 7-15-2010

CIBP's @ 1980 & 1985

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

NATURE Pres. Collins Oil & Gas DATE 7-17-05

SIGNATURE OR PRINT NAME Roy D. Collins TELEPHONE NO 623-2040

Space for State Use

[Signature]

Field Supervisor

JUL 22 2005

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: