



A Subsidiary of
St. Mary Land & Exploration Co.

P.O. BOX 7168 • BILLINGS, MT 59103
550 N. 31st ST, SUITE 500 • BILLINGS, MT 59101
PHONE: (406) 245-6248 • FAX: (406) 245-9106

March 19, 2002

Mr. David K. Brooks
New Mexico Oil Conservation Division
1220 South Francis Drive
Santa Fe, NM 87505

Re: Non-compliant Wells
St. Mary Land & Exploration
Case No. 12811

Sent via fax (505) 476-3462 4 Pages

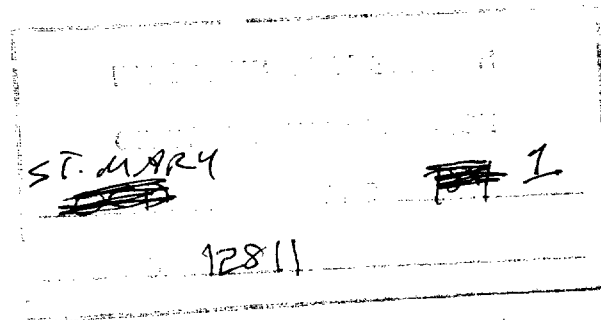
Dear Mr. Brooks:

The purpose of this letter is to update you on the status of the remaining identified non-compliant wells in Eddy Co. which are operated by our parent company – St. Mary Land & Exploration Company.

The Tecumseh Federal #001, API # 30-015-27935, was plugged and abandoned on March 13, 2002. Attached is a copy of the subsequent Sundry Notice report sent to the BLM.

The East Shugart Delaware Unit #001, API # 30-015-25741, was temporarily abandoned on March 18, 2002. A copy of the subsequent Sundry Notice to be sent to the BLM for this work is also attached (waiting on receipt of the MIT chart from the field to attach also).

The Osage Federal #017, API # 30-105-26298, we wish to defer action on as we hope to justify returning it to production. We shot a 3D seismic survey over this area in December 2001 and have not yet completed evaluation of the data. Preliminary indications suggest potential for Strawn or Morrow production in which we might be able to utilize the Osage #17 wellbore. We are reluctant to TA it as setting a bridge plug would be a double waste of money (the wellbore has commingled Bone Spring and Delaware perforations - a bridge plug would have to be set and then drilled out whether the ultimate decision is to reactivate it or to plug it).



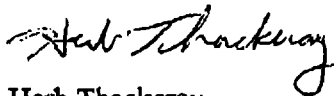
Mr. David K. Brooks
New Mexico Oil Conservation Division
March 19, 2002
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We request an additional 5 months to complete the geophysical/geological analysis, evaluate economics, receive regulatory and working interest owner approvals and implement a recompletion. Of course, if a recompletion is deemed uneconomic, then it could be plugged sooner.

St. Mary operates 6 producing wells on the Osage lease and the adjacent very successful long life Parkway Delaware Unit waterflood. We consider the chances of the Osage #17 being "orphaned" to be nil and feel the extension to bring it into compliance is in the best interest of the state of New Mexico to avoid waste and maximize ultimate recovery.

If you need additional details on any of these wells, I can be reached at (406) 255-8627.

Sincerely,



Herb Thackeray
Operations Engineer

Attachments: BLM Sundry Notices Tecumseh Federal #1 & ESDU #1

Cc: Lynne Ellison
St. Mary L&E - Denver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

St. Mary Land & Exploration Co. c/o Nance Petroleum Corp.

3a. Address

PO Box 7168, Billings MT. 59103

3b. Phone No. (include area code)

406.245.6248

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2080' FNL & 660' FEL

Sec. 20-T16S-R27E

UL:H

FORM APPROVED
CNS No. 1004-0133
Expires November 30, 2000

5. Lease Serial No.

NM-045254

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Tecomseh Federal #1

9. API Well No.

30-015-27935

10. Field and Pool, or Exploratory Area

Duffield Strawn

11. County or Parish, State

Eddy, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> After Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

3/11/02 MI. RU. Bled off pressure and pump 130 bbls KCl down tubing.
Well wouldn't stay dead. Pump another 100 bbls. NU BOP.
Release pkr and POOH.

3/12/02 RU WL. Dump bail cement from 7989-7960'. Set GIBP @ 7300'. RD WL.

3/13/02 Roll hole with 9.0 ppg mud. Spot cement plugs:

Plug #1: 7300'-6945' w/24sx

Plug #2: 4300'-4143' w/10sx

Plug #3: 1580'-1451' w/7 sx

Plug #4: 402' - surface w/28sx

Cut off wellhead and install dry hole marker.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Herb Thackeray

Title

Operations Engineer

Signature

Herb Thackeray

Date

3/15/02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTSUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.FORM APPROVED
OCS No. 1024-0135
Expires November 30, 20005. Lease Serial No.
NM-2537

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side

7. If Unit or CA Agreement, Name and/or No.
East Shugart Delaware Unit
257438. Well Name and No.
ESDU #19. API Well No.
30-015-2574110. Field and Pool, or Exploratory Area
Shugart Delaware East11. County or Parish, State
Eddy, NM

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

St. Mary Land & Exploration Co. - c/o Nance Petroleum Corp.

3a. Address

PO Box 7168, Billings, MT 59103

3b. Phone No. (include area code)

406.245.6248

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

430' FSL & 1650' FEL

Sec. 13-T18S-R31E

UL:0

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> After Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
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3/15/02 MI. RU. Unseat pump and POOH laying down rods. NU BOP. Release TAC and POOH with tubing. PU CIBP and RIR on tbg. Set CIBP @ 3750'. Circulate 75 bbls. packer fluid. Close BOP and pressure test to 500 # for 30 minutes - ok. Start OOH laying down tubing.

3/18/02 Finish laying down 2-3/8" tubing. ND BOP. Flange up wellhead. Fill well with 10 bbls. packer fluid. RD.

When the ESDU waterflood is expanded to fullscale, ESDU #1 is proposed to be cleaned out to 5400', equipped with a 4" liner and converted to a Delaware water injection well.

14. I hereby certify that the foregoing is true and correct

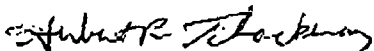
Name (Printed/Typed)

Herb Thackeray

Title

Operations Engineer

Signature



Date

3/18/02

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Title

Date

Office

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