

D.K.D., L.L.C.  
P.O. Box 682  
Tatum, NM 88267  
Phone: (575) 398-3490  
Fax: (575) 398-3494

RECEIVED OCD  
2010 SEP 29 A 11:20

September 27, 2010

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Attention: Terry Warnell

Subject: Richardson Fee SWD

Dear Terry,

I am requesting written permission to move the packer in the Richardson Fee SWD well higher due to problems we have encountered while re-working the 5-1/2" casing. We tried but were unable to get the 4-1/2" casing any further down the hole. We set 4-1/2" liner in the hole all the way to 10,334.37 (see enclosed Form C-103).

Although I set the packer at 10,266.76 (which is 68.11 feet above the bottom of the 4-1/2" liner), I feel really good about the cement job on this well, and I have tried to protect the casing and all of the above zones. The liner I used is new P110 pipe with 13% chrome at 15.10 lb.

I have enclosed a copy of July 26, 1983 correspondence which calls for the well's original packer to be set at 10,476. Then in March of 1992, the well failed a mechanical integrity test (see enclosed letter dated March 12, 1992), and was re-worked. At that time, they received permission to set the packer at 10,342 (see copy of enclosed work log).

Therefore, based on the information you have on our recent work on this well, I request your approval for the liner to be set at 10,334.87' and the packer to be set at 10,266.76'. There are no producing wells within one (1) mile of this SWD well.

If you have any questions, please contact me at (575) 398-3490.

Sincerely,



Danny R. Watson  
D.K.D., LLC  
Owner

Submit 1 Copy To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S St Francis Dr., Santa Fe, NM 87505

**RECEIVED**  
 New Mexico  
 Minerals and Natural Resources  
 OIL CONSERVATION DIVISION  
 1220 S St. Francis Dr.  
 Hobbs, NM 87505

Form C-103  
 October 13, 2009

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 )		WELL API NO. 30-025-27886 ✓
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> SWO ✓		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator DKD LLC.		6. State Oil & Gas Lease No. SWO 262
3. Address of Operator Box 682 Tatum NM 88267		7. Lease Name or Unit Agreement Name Richardson FEE ✓
4. Well Location Unit Letter <u>K</u> <sup>1980</sup> <del>680</del> feet from the <u>NORTH</u> <sup>South</sup> line and <u>680</u> <sup>1980</sup> feet from the <u>WEST</u> line Section <u>5</u> Township <u>14S</u> Range <u>36E</u> NMPM County <u>Lea</u> ✓		8. Well Number 2 ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3963		9. OGRID Number 210091 ✓
		10. Pool name or Wildcat SWO ✓ 96113 Cisco.

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK  PLUG AND ABANDON   
 TEMPORARILY ABANDON  CHANGE PLANS   
 PULL OR ALTER CASING  MULTIPLE COMPL   
 DOWNHOLE COMMINGLE

SUBSEQUENT REPORT OF:

- REMEDIAL WORK  ALTERING CASING   
 COMMENCE DRILLING OPNS.  P AND A   
 CASING/CEMENT JOB

OTHER:

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

7/28/10 MIT FAILED  
 8/3/10 RIG UP PULLING UNIT TO FIND LEAK  
 8/5 THRU 8/11/10 PULLED TUBING TEST CASING LEAK IN CASING  
 FOUND HOLES @ 9202 - 8885 - 8030 - 7800 - 7610 7175 - 6414 -  
 CASING 5000 TO SURFACE HOLDING 1000 LBS TESTED GOOD.  
 8/12/10 RIG DOWN TO EVALUATE LOOK FOR LINER  
 WELL SHUT IN FOR NOW.

Spud Date:

Rig Release Date:

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

SIGNATURE Danny R. Watson TITLE Pres. DATE 8/13/10  
 Type or print name DANNY R. WATSON E-mail address: \_\_\_\_\_ PHONE: 575-369-5024  
**For State Use Only**  
 APPROVED BY: [Signature] TITLE STAFF MGR DATE 8-19-10  
 Conditions of Approval (if any): \_\_\_\_\_

*DM*



Well History Summary Sheet

Operator: D.K.D., LLC Well Name & # Richardson Fee #2 Lease # Fee  
 District Tatum Made by Danny R. Watson Date 9/20/2010  
 Location Unit K, 1980' FSL & 1980' FWL, Sec. 5, T-14S, R-36E, Lea County, NM  
 Spud Date 9/23/83 Compl. Date \_\_\_\_\_ TD 13,530' PBDT 13,315'  
 Type Well: Oil \_\_\_\_\_ Gas \_\_\_\_\_ Other \_\_\_\_\_ Field N/A  
 IP N/A Zone Canyon  
 Perfs: 10,576' - 11,368' Total Holes 9 holes  
 Stimulation Vacuum  
 Cumul. Oil \_\_\_\_\_ MCF \_\_\_\_\_ Water \_\_\_\_\_  
 Recent Test N/A Life Equipment \_\_\_\_\_  
 Misc. Elevation: 3963.1' GR

Well History

New 4-1/2" liner (P110, 15.1 lb, 13% chrome)

495 sacks of cement from 10,300' to surface.

Circulate between 4-1/2" liner and inside 5-1/2"; also outside 5-1/2" casing to inside 8-5/8". Cement all the way to the surface. Good cement returns in between all casings.

Water going to permit zone.

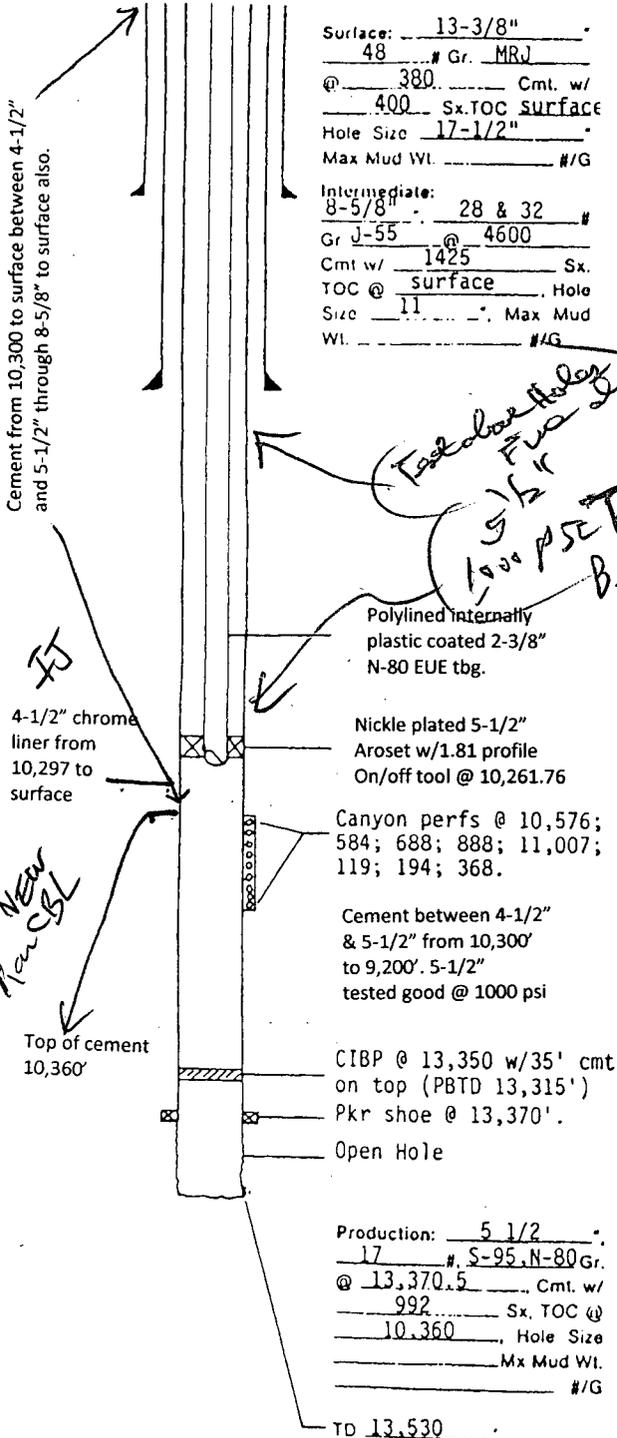
Packer raised inside 4-1/2" liner only to 10,261.76'

Liner bottom is 10,297. Liner would not go deeper.

Tubing \_\_\_\_\_, \_\_\_\_\_ #, \_\_\_\_\_ Gr @ \_\_\_\_\_

Tubing \_\_\_\_\_, \_\_\_\_\_ #, \_\_\_\_\_ Gr @ \_\_\_\_\_

Packer @ \_\_\_\_\_



Surface: 13-3/8"  
 48 # Gr. MRJ  
 @ 380 Cmt. w/  
400 Sx. TOC surface  
 Hole Size 17-1/2"  
 Max Mud Wt. \_\_\_\_\_ #/G

Intermediate:  
8-5/8" 28 & 32 #  
 Gr. J-55 @ 4600  
 Cmt w/ 1425 Sx.  
 TOC @ surface Hole  
 Size 11 Max Mud  
 Wt. \_\_\_\_\_ #/G

Polylined internally plastic coated 2-3/8" N-80 EUE tbg.

Nickle plated 5-1/2" Arosset w/1.81 profile On/off tool @ 10,261.76

Canyon perfs @ 10,576; 584; 688; 888; 11,007; 119; 194; 368.

Cement between 4-1/2" & 5-1/2" from 10,300' to 9,200'. 5-1/2" tested good @ 1000 psi

CIBP @ 13,350 w/35' cmt on top (PBDT 13,315')

Pkr shoe @ 13,370'.

Open Hole

Production: 5 1/2 #  
17 # S-95 N-80 Gr.  
 @ 13,370.5 Cmt. w/  
992 Sx. TOC @  
10,360 Hole Size  
 \_\_\_\_\_ Mx Mud Wt.  
 \_\_\_\_\_ #/G

TD 13,530

Cement from 10,300 to surface between 4-1/2" and 5-1/2" through 8-5/8" to surface also.

4-1/2" chrome liner from 10,297 to surface

New 4-1/2" liner

Top of cement 10,360'

Tested Good Below PSET OK



## Jones, William V., EMNRD

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**From:** Jones, William V., EMNRD  
**Sent:** Friday, November 05, 2010 5:13 PM  
**To:** 'dkdllc@leaco.net'  
**Cc:** Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD; Hill, Larry, EMNRD  
**Subject:** Disposal well - Packer setting depth: Richardson Fee SWD #2 30-025-27886

Hello Danny – nice to hear from you again.  
I remember the DKD vs Gandy issues from several years back.

I got your request for a higher packer depth setting and am looking it over.

Would you send a wellbore diagram of the well after the liner was installed. I am especially interested in the cement condition and top behind the old casing. It appears you have addressed the interior of the well with the new liner. The sundry you sent had one sentence about cementing on 9/10/2010 – there likely is more to the story and a diagram is always good.

You did say there is no production within 1 mile within this interval.  
Do you know of how close to this well the Wolfcamp produces oil or gas and whether it is oil or gas?  
Does the upper Penn produce anywhere near here?

I will get this put together and check with the attorneys to see if it needs to be re-advertised as a higher disposal top than the current 10576 top of interval.

It does appear to be workable, but we have to cross all the tees – sometimes things surprise a person.

Thank You,

William V Jones, P.E.  
Engineering, Oil Conservation Division  
1220 South St. Francis Drive, Santa Fe, NM 87505  
Tel 505.476.3448 ~ Fax 505.476.3462



# D.K.D., LLC

P.O. Box 862

Tatum, NM 88267

(575) 398-3490

November 11, 2010

State of New Mexico  
Oil Conservation Division - Engineering  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Attention: William V. Jones, P.E.

Subject: Richardson Lease, API #30-025-27886

RECEIVED 000  
2010 NOV 15 P 3:22

Dear Mr. Jones,

Per your e-mail request dated November 5, 2010, I am pleased to provide the following answers to your questions about the work recently performed on the Richardson SWD well.

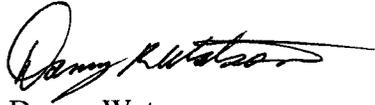
1. There is no production in the Wolf Camp or any other wells nearby. To the best of my knowledge, all wells within a two (2) mile radius have been plugged. As stated in my previous report, only one (1) well (Richardson Unit #2/API #30-025-27783) in the area is in production in the Austin Miss Zone at 13,360 plus zone. This well is now owned by Nadel & Gussman (previously Heyco).
2. No upper-penn wells are near my disposal.
3. At this time, I am not requesting higher intervals, only approval to raise the packer inside the 4-1/2" liner; while still putting water in the permitted zone. As you can see, we tried to fix the problems as well as we possibly could.

Yes, I was there for the DKD vs. Gandy involvement. I still remember I didn't like that happening to me, and I certainly don't want to ruin someone else's livelihood. As you know, I have spent a lot of money to prove I was right, and yet I still had to replace the casing on the Watson 6 well last year at a cost of \$385,000. Now I have spent \$420,000 to save the Richardson well - all at my own expense.

The original well history diagram and a revised diagram follow for your information. I have also included copies of the cement company's (O-TEX) job log and job summary reports to verify the cement-job information. In addition, I have provided information on the Richardson Unit #2 well which is the closest well to my Richardson SWD. This information is proof of the depth of the Richardson Unit #2 and its permitted zones. Area plats of the location are also provided.

I hope this answers your questions and provides you with the information you needed. If you have any further questions, please do not hesitate to contact me at (575) 398-3490.

Sincerely,

A handwritten signature in black ink, appearing to read "Danny Watson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Danny Watson  
DKD, LLC  
Owner