



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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January 30, 1981

Bennett Petroleum Corporation
1580 Lincoln Street
Denver, Colorado 80203

Attention: R. E. Bennett

Re: O.C.D. Case No. 6988
Colfax County, New Mexico

Dear Mr. Bennett:

Enclosed are your approved copies of Forms C-103 for the Phelps Dodge Wells No. 3 and 3-Y. In accordance with our verbal (telephone) conversation regarding the proposals dated 12-26-80, I have altered the forms to show "Notice of Intention to Perform Remedial Work" rather than "...Temporary Abandon," as you will note. Thus the combination of those proposals with those of the forms dated 1-16-81 will satisfy the conditions of Case No. 6988 - as I explained in our conversation.

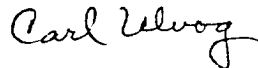
With respect to the Phelps Dodge Well No. 5, I am advised that the 5½" casing is now drilled out and properly cemented to total depth. It is my understanding that this was done for the purpose of converting the well to a water supply well, however no proposals for any type of work which would comply with Order No. 6988 has been received here. To help you prepare a proposed program for the No. 5 well, I am also enclosing herewith some water-well-conversion forms, in case that is how you decide to dispose of that location. The OCD requires only one completed original and one copy be returned, unless you and/or landowner desire copies showing the approval, in which case those additional completed copies should be returned with instructions as to who or where they are to be sent.

Finally, something must be done with the worst location of all - Phelps Dodge Well No. 2. I think it is obvious that further discussions with Marlin Oil Company will accomplish nothing except delay an action which has already been postponed too long. I have discussed the matter with your engineer, Mr. Smink, and I believe we can agree that the well may or may not be plugged at some depth. There is no question but that the plugging report (C-103 dated 3-20-80) is false. To help you resolve this unfortunate situation, permit me to suggest the following:

Go in the well to a depth of 160', where the surface casing was reportedly set. If a secure plug is found before that depth is reached, we will assume that a bottom plug was also set and the plugging can be finished by merely loading the casing with mud and setting the top plug and marker. If no plug is found in the bottom of the surface casing, proceed with the plugging program as agreed to by your engineer and the O.C.D. This, of course, means you do not know in advance what type of equipment will be required, however we can handle that by your proposal to plug and clean up the location assuming that the surface casing is plugged near its base. If found to be unplugged there, a subsequent proposal for the deeper plugging (which would require larger equipment) can be submitted. Since you have already proposed July completion attempts on Wells No. 3 and 3-Y, you will be back near the No. 5 at that time.

A copy of this letter is being sent to The Travelers Insurance Company to answer inquiries concerning progress towards settlement of the case.

Yours truly,



CARL ULVOG
District IV Supervisor

CU/jc

cc: The Travelers Insurance Companies
5800 South Quebec Street
Englewood, Colorado 80111

Mr. David E. Smink, Petroleum Eng..
928 Midland Savings Building
444-17th Street
Denver, Colorado 80202