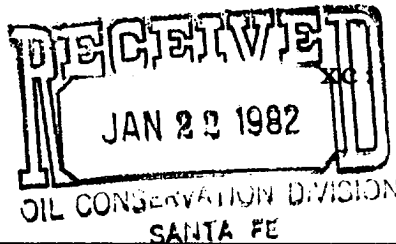


**Bennett
Petroleum
Corporation**



Mr. Carl Ulvog ✓
State of New Mexico

630 Spectrum Bldg.
1580 Lincoln Street
Denver, Colorado 80203
(303) 832-1555

January 18, 1982

Mr. Jim Snyder
Snyder Drilling Company
1507 Denver Club Building
Denver, Colorado 80202

Re: Phelps Dodge Well Nos. 2 and 5
Phelps Dodge Prospect
Colfax County, New Mexico

Dear Jim:

The ball is now back in your court. As you see, they are requesting you to provide them with a notarized copy of the cementing company's report on the P&A of Well No. 2. Please provide us with a copy of this and we will immediately forward it to the proper authorities.

As to the completion of Well No. 5 as a water well, you have an oil and gas lease on private property which does not grant water producing rights. I would, therefore, surmise that Phelps Dodge would not let you produce water from the land regardless of who owns the water. I also presume that the State owns the water, and I bring to your attention our last incident whereby the Water Resources Division would not let us use the water from Phelps Dodge Nos. 1 and 1-A, because the water was within a protected watershed for New Mexico.

Please response as soon as possible so we can have our bond cleared.

Very truly yours,

BENNETT PETROLEUM CORPORATION


R. E. Bennett

REB:pm

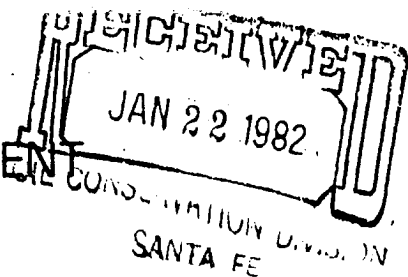
Enc.



BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

January 6, 1982

Bennett Petroleum Corporation
1580 Lincoln Street
Denver, Colorado 80203

Subject: OCD Case No. 6988
Order No. R-6453
Phelps Dodge Wells No. 2
and No. 5, Colfax County,
New Mexico

Dear Mr. Bennett:

Your letter of 12/29/81 (received 1/4/82) raises several questions that can be answered as follows:

(a) There is no reason for this agency to assume that Well No. 2 was properly plugged. Attached is a copy of the last letter to Marlin Oil Company (dated 1/2/81) Explaining that decision. You will notice that additional data relative to the alleged plugging was requested. For example, a notarized copy of the cementing company's report would certainly resolve much of the controversy. Since information of this type has not been forthcoming, it must be concluded that the claimed plugging cannot be verified. Likewise, the filing of the false report (copy attached) and the placing of an obstruction in the 8 5/8" casing at approximately 15' to 20' below the surface certainly adds to the credibility gap in this case.

(b) The problem with Well No. 5 has nothing whatsoever to do with selling water. This agency has no objection to that well being converted to a water supply well. However, the law requires that such a conversion can only be approved after the operator and landowner are in mutual agreement as to the conditions under which such a conversion will be accomplished. (See Rule 203). Attached is a copy of a letter (dated 1/30/81) which previously discussed this matter. Also attached are additional copies of the proper forms to expedite the intended conversion, this being the third time that such forms have been sent. Before pursuing the conversion option, it might be wise to determine if the N.M. Water Resources Division (Natural Resource Department) will permit withdrawal of water here, since the well locates within a declared water basin. The Oil Conservation Division has no jurisdiction over use of the water, only over the actual handling of the well itself.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

July 27, 1981

Bennett Petroleum Corporation
1580 Lincoln Street
Denver, Colorado 80203

Subject: OCD Case No. 6988

Gentlemen:

Attached are copies of proposals submitted by your company to this agency. To date, there has been no notification of the proposed and approved operations. If an alternate or substitute plan has been evolved since that submittal, please so advise.

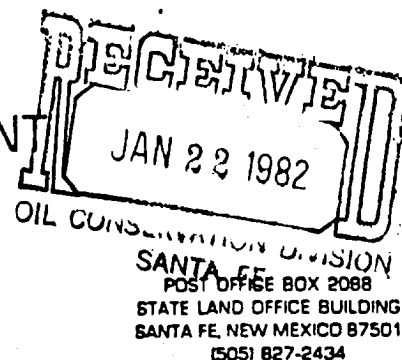
As you are aware, there are two additional wells in the immediate locality which need attention and which are discussed by the captioned Case. Kindly submit your plans for completing the Phelps Dodge Wells No. 2 and 5, as it was our understanding that these would be taken care of about Mid-July in conjunction with the operations described by the attached.

Yours very truly,

CARL ULVOG
District IV Supervisor

CU/og

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



RUCE KING
GOVERNOR
ARRY KEHOE
SECRETARY

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:

**Bennett
Petroleum
Corporation**

DEC 02 1980
OIL CONSERVATION DIVISION
SANTA FE

Lincoln Court Building
1580 Lincoln Street, Suite 630
Denver, Colorado 80203
303/832/1555

November 28, 1980

Mr. Carl Ulvog
District IV Supervisor
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Phelps Dodge Well Nos. 2, 3, 3-Y & 5
Colfax County, New Mexico

Dear Mr. Ulvog:

As you recall, our last correspondence to you dated July 18, 1980, indicated that a drilling rig was due to arrive on these wells courtesy of Snyder Drilling Company and Cougar Petroleum to handle each well as requested.

We understand Gastin Drilling of Farmington arrived, as scheduled, did limited work on one of Snyder and Cougar's wells, and then left the area. We have been unable to determine why their quick departure.

We have never had an operation go so array and can only apologize for the mass confusion. We have hired David Smink, a registered engineer in Colorado and New Mexico, to handle this matter. He is currently reviewing all the well histories and will meet with you as a result of your most recent letter dated September 26, 1980, to determine the exact requirements and procedures to handle each of the wells. We will then employ a rig which he will supervise to finish this job in a proper way.

Very truly yours,


R. E. Bennett, President

REB:pm

cc: Mr. David E. Smink, P.E.
928 Midland Savings Building
444-17th Street
Denver, Colorado 80202

Bus: 303-892-1732
Res: 303-798-9973

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6988
Order No. R-6453

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT BENNETT PETROLEUM CORPORATION, THE TRAVELERS INDEMNITY COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE PHELPS DODGE WELL NO. 2 IN UNIT J OF SECTION 4 AND WELLS NOS. 3 IN UNIT P AND 3Y IN UNIT I OF SECTION 9, ALL IN TOWNSHIP 28 NORTH, RANGE 21 EAST, AND NO. 5 IN UNIT P OF SECTION 24, TOWNSHIP 28 NORTH, RANGE 20 EAST, COLFAX COUNTY, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 6, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of September, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That Bennett Petroleum Corporation is the owner and operator of the Phelps Dodge Well No. 2 in Unit J of Section 4 and Wells Nos. 3 in Unit P and 3Y in Unit I of Section 9, all in Township 28 North, Range 21 East, and No. 5 in Unit P of Section 24, Township 28 North, Range 20 East, Colfax County, New Mexico.

(3) That The Travelers Indemnity Company is the surety on the Oil Conservation Division plugging bond on which Bennett Petroleum Corporation is principal.

-2-

Case No. 6988

Order No. R-6453

(4) That the purpose of said bond is to assure the state that the subject wells will be properly plugged and abandoned when not capable of commercial production.

(5) That in order to prevent waste and protect correlative rights said above-described wells should be plugged and abandoned in accordance with a program approved by the Santa Fe District Office of the New Mexico Oil Conservation Division on or before October 15, 1980, or the wells should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Bennett Petroleum Corporation and The Travelers Indemnity Company are hereby ordered to plug and abandon the Phelps Dodge Well No. 2 in Unit J of Section 4 and Wells Nos. 3 in Unit P and 3Y in Unit I of Section 9, all in Township 28 North, Range 21 East, and No. 5 in Unit P of Section 24, Township 28 North, Range 20 East, NMPM, Colfax County, New Mexico, or in the alternative, to return the wells to active drilling status or place the wells on production on or before October 15, 1980.

(2) That Bennett Petroleum Corporation and The Travelers Indemnity Company, prior to plugging and abandoning the above-described wells, shall obtain from the Santa Fe office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Santa Fe office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L
fd/



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

May 30, 1980

Bennett Petroleum Corporation
1776 Lincoln Street
Denver, Colorado 80203

Subject: Abandoned Wells
Phelps Dodge #2, #3, #3-Y,
and #5, Colfax County,
New Mexico

Gentlemen:

Inspections of the subject locations have been made periodically, most recently on 2/6/80, 3/19/80, and 5/27/80. It should be noted that Well Nos. 3 and 3-Y reached their present depths more than one and one-half years ago. Both of these locations were proposed for plugging (by Forms C-103) more than four months ago. It is apparent that this plugging for abandonment has not been done. Furthermore, the No. 3 well has been leaking gas from the annulus of the 10 3/4" casing and the 6 1/4" casing for at least six months and notices of this condition have been called (via telephone) to your office several times-- most recently on 3/21/80.

Well No. 5 appears to have been abandoned since 1/8/80, and Well No. 2 since 2/9/80. Apparently some plugging was done on the No. 2, although the plugging for abandonment has not been completed. Both of these locations are in bad condition, particularly at Well No. 2 where caving poses a hazard as do the open oily pits. If the pits at these locations are not covered in the immediate future, then the sites should be fenced. This is standard procedure and is cheap insurance against lawsuits.

Presumably you are aware that a well in this state must be properly plugged for abandonment within sixty days after drilling ceases. It is obvious that all of the foregoing wells are overdue for plugging. Please give this matter your immediate consideration.

Yours truly,

Carl Ulvog

CARL ULVOG
District IV Supervisor

CU/og
encl.

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OPERATOR	

Form C-105
Revised 11-1-84

NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease
State ☐ Fee ☒
5. State Oil & Gas Lease No.

1a. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER _____
b. TYPE OF COMPLETION
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ OTHER _____

7. Unit Agreement Name

8. Farm or Lease Name
Phelps Dodge

9. Well No.
#5

10. Field and Pool, or Wildcat
Wildcat

2. Name of Operator
Bennett Petroleum Corporation

3. Address of Operator
1776 Lincoln Street, Suite 808, Denver, Colorado 80203

4. Location of Well

UNIT LETTER _____ LOCATED 637 FEET FROM THE South LINE AND 746 FEET FROM
THE East LINE OF SEC. 24 TWP. 28N RGE. 20E NMPM

12. County
Colfax

15. Date Spudded 9-29-79	16. Date T.D. Reached 1-5-80	17. Date Compl. (Ready to Prod.) 1-7-80	18. Elevations (DF, RKB, RT, GR, etc.) GR, 6305, KB 6315	19. Elev. Casinghead 160'
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20. Total Depth 3057'	21. Plug Back T.D.	22. If Multiple Compl., How Many	23. Intervals Drilled By Rotary Tools	Cable Tools
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24. Producing Interval(s), of this completion - Top, Bottom, Name
25. Was Directional Survey Made
No.

26. Type Electric and Other Logs Run
Induction - SFL Compensated Formation Density-Gamma Gamma'
27. Was Well Cored
No

CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8	24	160	12 1/2	150 sacks	No
5-1/2	15.5'	TD	7-7/8	200 sacks	Not pulled

LINER RECORD No liner					TUBING RECORD None		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET

31. Perforation Record (Interval, size and number)
APR 09 1980
OIL CONSERVATION DIVISION
SANTA FE

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED

33. PRODUCTION
Date First Production: None
Production Method (Flowing, gas lift, pumping - Size and type pump):
Well Status (Prod. or Shut-in): Shut-in
Date of Test: None
Hours Tested: Choke Size: Prod'n. For Test Period: Oil - Bbl.: Gas - MCF: Water - Bbl.: Gas-Oil Ratio:
Flow Tubing Press.: Casing Pressure: Calculated 24-Hour Rate: Oil - Bbl.: Gas - MCF: Water - Bbl.: Oil Gravity - API (Corr.):

34. Disposition of Gas (Sold, used for fuel, vented, etc.):
Test Witnessed By:

35. List of Attachments
Induction & Formation Density Logs; Drill Stem Test

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.
SIGNED: [Signature] TITLE: President DATE: 3/24/80