

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

August 23, 2004

Unit Petroleum Company 407 North Big Spring Midland, TX 79701

Attn: Matthew Doffer- District Engineer

RE: Carlsbad # 1, located in Unit A, 660' FNL & 660' FEL, of Section 32 in Township 22 South, Range 28 East in Eddy County, New Mexico. API # 30-015-33147

Dear Mr. Doffer To Whom It May Concern

Concerning the above referenced well, the New Mexico Oil Conservation Division (NMOCD) has received your regulatory reports for the captioned well. In reviewing the geological tops submitted, I find it peculiar that formation tops such as the Oueen and the Tubb formations exist in this area.

Please re-submit the actual geological tops on the captioned well for our records. Also we need to have all logs, which may have been run on this well, such as a CCL, cement bond logs, etc if ran.

On the NMOCD form C-103 submitted earlier, please re-submit amended copies indicating your casing pressure test on all casing strings and the length of time tested. I have provided for your convenience the specific rules which apply to this matter Finally, I noticed that the surface casing setting depth is in or very near the Salado formation, which in this area typically has salt in the top of the formation. Please provide information on why Unit Petroleum decided to deviate from the APD prognosis on setting the surface casing setting depth deeper than the stated depth of 400'.

9.15.3.107

CASING AND

TUBING REQUIREMENTS:

(1) Casing strings in wells drilled with rotary tools shall be pressure tested. Shall be approximately one-third of the manufacturer's rated internal yield pressure except that the test pressure shall not be less than 600 pounds per square inch and need not be greater than 1500 pounds per square inch. In cases where combination strings are involved, the above test pressure shall apply to the lowest pressure rated casing used. Test pressures shall be applied for a period of 30 minutes. If a drop of more than 10 percent of the test pressure should occur, the casing shall be considered defective and corrective measures shall be applied.

9.15.13.1103 SUNDRY NOTICES AND REPORTS ON WELLS (Form C-103):

D. Report of results of test of casing and cement job; report of casing alteration: A report of casing and cement test shall be filed by the operator of the well within ten days following the setting of each string of casing or liner. Said report shall be filed in triplicate on form C-103 and shall present a detailed description of the test method employed and the results obtained by such test and any other pertinent information required by 19.15.1.107 NMAC. The report shall also indicate the top of the cement and the means by which such top was determined. It shall also indicate any changes from the casing program previously authorized for the well.

Oil Conservation Division * 1301 W Grand Ave * Artesia, New Mexico 88210 Phone: (505) 748-1283 * Fax (505) 748-9720 * http://www.emnrd.state.nm.us

19.15.13.1105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG (Form C-105):

A. Within 20 days following the completion or recompletion of any well, the operator shall file form C-105 with the division. It must be filed in quintuplicate and each copy accompanied by a summary of all special tests conducted on the well, including drill stem tests. In addition, one copy of all electrical and radio-activity logs run on the well must be filed with form C-105. If the form C-105 with attached log(s) and summaries is not received by the division within the specified 20-day period, the allowable for the well will be withheld until this rule has been complied with.

If you have any questions regarding this matter, please call me.

Respectfully yours,

Bryan G. Arrant

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Cc: Tim Gum- District Supervisor, Artesia

Well File