



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS ROAD - AZTEC
87410

November 11, 1974

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Koch Exploration Company
PO Box 2256
Wichita, Kansas 67201

Re: Casing Failure
Koch Exploration Company
Lumber #2, Unit A- S 20-1 311-1 101

Gentlemen:

We have received two copies of Federal Form 9-331 Sundry Notice for the above well which states that the casing has failed. The letter further states that "depending upon availability of casing, plan to plug back and re-complete through 'whipstock'. We have found from past experience that casing failure in the Blanco Mesa Verde pool result in one of two occurrences. Either gas moves into shallow water zones or water from shallow zones moves into the gas pool section depending upon bottom hole pressure, hydrostatic head relationship at the time of failure. Either of the above results are in violation of New Mexico rules and regulations.

I am therefore directing that immediate remedial action be taken to separate the gas pay zone from the area of casing failure. In the event casing cannot be secured, this separation can be temporarily accomplished by placing a bridge plug near the shoe of the production casing.

If we have received notice of your intent to remedy this situation within thirty days, the matter will not be set for hearing before the Commission until after that date.

Very truly yours,
Emery C. Arnold

Emery C. Arnold
Supervisor, Dist. #3

ECA/me

cc: OGC, Santa Fe, N. M.