

KC RESOURCES, INC.

P.O. Box 1118
Cardiff, CA 92007

Phone 760/753-3330 Fax 760/753-4337

October 23, 2002

David K. Brooks
Energy, Minerals and Natural Resources Department
State of New Mexico
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Via Facsimile: (505) 476-3462

Re: Request for Continuance
Plugging Order (Case# 12948)
NM BB NCT-1 Well #2 (API 30-025-08009)
NM BH NCT-1 Well #2 (API 30-025-08008)
NM BH NCT-1 Well #1 (API 30-025-08007)
NM BH NCT-1 Well #4 (API 30-025-00110)

BEFORE EXAMINER STOCHER
OIL CONSERVATION DIVISION
KC Resources EXHIBIT NO. A
CASE NO. 12948

Dear Mr. Brooks:

Please allow this letter to serve as KC Resources, Inc.'s formal request for a continuance in the captioned case.

As evidenced by copies of the enclosed C-103 forms, KC Resources intends to place the subject wells back in service as soon as possible. Current plans entail moving onto the BB NCT-1, Well# 2 within the next thirty (30) days and either re-completing it to the Atoka or converting it to SWD service. If converted to SWD service it will serve as a disposal for produced water from the BH #2, #1 & #4 wells as they are re-completed to the Devonian.

Following determination of results of the BB #2 well, KC Resources will test Devonian Recompletion opportunities in the BH #2 well. If the BB #2 is re-completed as a service well then the BH #2, #1, & #4 wells will be re-completed as Devonian producers in good order. If not, then one of the BH wells will be put into such service.

I have enclosed copies of the C-103's only for the BB #2 and BH #2 wells as their performance will determine the course of action on the BH #1 and #4 wells. We expect that a full determination of wellbore usability and performance can be made in four to six months.

KC

Therefore, KC Resources, Inc. hereby requests a six-month extension of the captioned plugging case for re-determination at that time.

By carbon copy of this letter and C-103 forms, I am submitting our intent to conduct operations with Bill Pritchard of the Hobbs, New Mexico as further evidence of our commitment to proceed with operations. I appreciate your attention to this matter. I will be available at the above number or on my cellular at (760) 889-1572 should you need to reach me during the hearing tomorrow. Please let me know if you have any questions.

Sincerely,



James Spillane
Land/Marketing Manager

Cc: Reiner Klawiter
Bill Pritchard Fax (505) 393-0720

Enclosures: C-103, BB #2 well
C-103 BH #2 well

JS/gg

Form C-103 Copies To Appropriate District Office
 District I 1625 N. French Dr., Hobbs, NM 88240
 District II 1301 W. Grand Avenue, Artesia, NM 88210
 District III 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-08009
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: B. B. STATE NCT-1
8. Well No. 2
9. Pool name or Wildcat EAST CARROCK

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.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator **KC RESOURCES, INC.**

3. Address of Operator **P.O. BOX 1118, CARDIFF, CA 92007**

4. Well Location
 Unit Letter **N** **660** feet from the **SOUTH** line and **1984** feet from the **WEST** line
 Section **11** Township **12S** Range **32E** NMPM County **LEA**

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
4356 GR

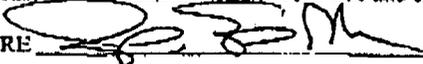
11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

- 1) RIG UP AND INSTALL 3000 PSE BOP.
- 2) TIE WITH MILL AND DRILL CEMENT PLUG FROM 8196' TO 8046'.
- 3) CONTINUE TIE AND CLEAN OUT CASING TO 10500'
- 4) SET CIBP OR RBP AT 10,500'
- 5) PERFORATE ATOKA
- 6) ACIDIZE PERFORATIONS
- 7) TEST WELL FOR COMMERCIAL PRODUCTION.
- 8) IF PRODUCTION IS NON-COMMERCIAL, PLAN TO COMPLETE AS WATER DISPOSAL IN DEVONIAN
- 9) INSTALL NEW WELLHEAD
- 10) RIG DOWN, MOVE OFF, POP.

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

SIGNATURE  TITLE LAND/MKTG MANAGER DATE 10/23/02

Type or print name JAMES SPILLANE Telephone No. (760) 753-3330
 (This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
 Conditions of approval, if any:

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Avenue, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-08008
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.

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.)		7. Lease Name or Unit Agreement Name: B. H. STATE NCT-1
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	2. Name of Operator KC RESOURCES, INC.	8. Well No. 2
3. Address of Operator P.O. Box 1118, Cardiff, CA 92007	9. Pool name or Wildcat EAST CARROCK	
4. Well Location Unit Letter F : 1980 feet from the NORTH line and 1980 feet from the WEST line Section 11 Township 12S Range 32 E NMPM County CEA		
10. Elevation (Show whether DR, RKB, RT, GR, etc.)		

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>	
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12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

- MIRU COMPLETION UNIT.
- NU 3000 PSE BOP.
- RUN 5 1/2" CEMENT RETAINER AND CEMENT SQUEEZE PERFORATIONS 8431' - 8600'. HOLE LOADED WITH 9.2 TO 9.8 PPG BRINE WATER.
- TIH WITH MILL AND DRILL OUT CEMENT RETAINER AND PRESSURE TEST TO 500 PSE.
- DRILL OUT CIBP AT 8625'.
- DRILL CEMENT 10,100' TO 10,140' AND DRILL CIBP AT 10,140'
- CEMENT SQUEEZE PERFORATIONS 10228' - 10262' WITH CEMENT RETAINER AT 10,175'
- TIH WITH MILL AND DRILL CEMENT RETAINER AT 10,175' AND CEMENT. ALSO DRILL CEMENT 11065 TO 11,100' AND CIBP AT 11,100'. CLEAN OUT TO 11,180'.
- CUT OFF 5 1/2" CASING AT 3550'.
- RUN REDA PUMP AND PUT WELL ON PRODUCTION FROM DEVONIAN 11,110' TO 11,150'

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

SIGNATURE TITLE LAND/ MKTG MANAGER DATE 10/23/02

Type or print name JAMES SPILLANE Telephone No. (760) 753-3330
 (This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any: