



April 16, 1996

Case No. 11247

Southern

Rockies

Business

Unit

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

Attention: Mr. William J. LeMay, Director

Re: Burnham Gas Com /B/ #1
SW/4 of Section 12-T29N-R13W
San Juan County, New Mexico

ms.
Stogner
Case No. 11247/11247

Dear Mr. LeMay:

Reference is made to that certain Order of the Division Number R-10433 dated August 9 , 1995 issued by your office regarding the captioned well. Page 7, item (6) of the Order provides in part that "...operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs...".

Attached is a copy of the breakdown of the well costs for the captioned well, required pursuant to the order. Amoco is concurrently providing a copy of this letter and the cost breakdown to all the working interest owners in the well shown on the attached list via Certified Mail - Return Receipt Requested.

If you have any questions or need anything further, please advise.

Yours very truly,

Julie T. Jenkins
Senior Land Negotiator

JTJ/ms
encl.

cc: Working Interest Owners
Addressee List attached

**Working Interest Owners
Burnham Gas Com /B/ #1**

Diamond Head Properties, L. P.
P. O. Box 2127
Midland, TX 79702

Kerr-McGee Corporation
P. O. Box 25861
Oklahoma City, OK 73125-0861

Roderick Allen Markham
1500 Broadway, Suite 1212
Lubbock, TX 79401-3192

Manon Markham McMullen
2200 Berkeley
Wichita Falls, TX 76308

Estate of John J. Christmann, deceased
c/o Christmann Mineral Company
1500 Broadway, Suite 800
Lubbock, TX 79401-3104

BURNHAM GAS COM /B/, WELL #1

INTANGIBLE - DRILLING

LOCATION	\$2,299.24
RIG COSTS	\$77,011.10
RENTAL EQUIP	\$13,081.47
MAT & SUPPL	\$8,583.52
CO LABOR/EXP	\$252.88
CONTRACT LABOR	<u>\$23,586.33</u>
TOTAL	\$124,814.54

TANGIBLE

WELLHEAD	\$1,090.17
RESERVE	\$98.63
CASING OTHER	<u>\$7,480.46</u>
TOTAL	\$8,669.26

TOTAL DRLG **\$133,483.80**

INTANGIBLE - COMPLETION

LOCATION	\$861.80
RENTAL EQUIP	\$545.29
MAT & SUPPL	\$296.33
STIMULATION	\$17,378.28
WELL TESTING	\$602.57
CO LABOR/EXP	\$96.45
CONTRACT LABOR	<u>\$8,629.70</u>
TOTAL	\$28,410.42

TANGIBLE

TBG+WH	<u>\$6,719.12</u>
TOTAL	\$6,719.12

TOTAL COMPL **\$35,129.54**

ASSOCIATED PRODUCTION FACILITY

PRODUCTION UNIT	\$8,250.00
LINE PIPE	\$3,432.24
OTHER	<u>\$10,469.52</u>
TOTAL	\$22,151.76

TOTAL COST **\$190,765.10**

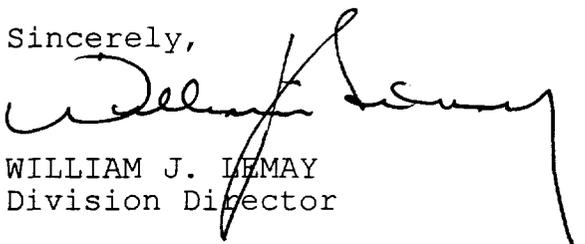
September 26, 1995

Mr. J. W. Hawkins
Amoco Production Company
Post Office Box 800
Denver, Colorado 80201

Dear Mr. Hawkins:

Based upon the reasons stated in your letter of September 20, 1995, and in accordance with the provisions of Division Order No. R-10418, Amoco Production Company is hereby granted an extension of time until January 15, 1996, and in accordance with the provisions of Division Order No. R-10433, Amoco Production Company is hereby granted an extension of time until February 15, 1996, in which to begin the wells pooled by said orders.

Sincerely,



WILLIAM J. LEMAY
Division Director

fd/

cc: Cases Nos. 11244 and 11246
Cases Nos. 11243 and 11247
OCD - Aztec

M E M O R A N D U M

TO: William J. LeMay, Director

FROM: David Catanach, Engineer

DATE: September 1, 1995

RE: Recommended Penalty to be assessed against Yates
Petroleum Corporation for violation of Division
Order No. R-10349-A

By Order No. R-10349 dated April 13, 1995, the Division authorized Yates to institute a pressure maintenance project on a portion of its Quincy "AMQ" State Lease by the injection of water into the San Andres formations through its Quincy "AMQ" State Well No. 8 located in Unit F of Section 12, Township 8 South, Range 27 East.

By Order No. R-10349-A dated August 2, 1995, the Division amended R-10349 by authorizing Yates to utilize its Quincy "AMQ" State Well No. 9 for injection instead of its Quincy "AMQ" State Well No. 8. This order further provided that injection into the Quincy "AMQ" State Well No. 9 shall not occur until Yates temporarily abandons or permanently plugs its Carl "ANO" State Well No. 1 located in Unit O of Section 1, Township 8 South, Range 27 East, NMPM.

Tim Gum has advised me that a recent routine field inspection revealed that Yates was injecting into its Quincy "AMQ" State Well No. 9 without having performed the required work on the Carl "ANO" State Well No. 1, in direct violation of the terms of Division Order No. R-10349-A. He also advised that Yates "happened" to call him after the field inspection to determine what they needed to do to the Carl "ANO" State Well No. 1. Yates also advised Tim that injection into the subject well commenced on August 2, 1995.

Although it is unlikely that injection into this well on a short term basis would have been a threat to fresh water, it appears to be a purposeful disregard for the terms and conditions placed upon Yates by Order No. R-10349-A.

Under these circumstances, I would recommend that Yates be fined for their actions. Ultimately, this decision rests with you, however, at the very least I feel that we need to advise Yates that this type of action will not be tolerated by the Division in the future.

xc: Case File-11347 ✓