

CK -
w/PLAW

10/19/00

550 North 31st Street, Suite 500
P.O. Box 7168
Billings, MT 59103-7168
(406) 245-6248
Fax (406) 245-9106

NANCE PETROLEUM

October 12, 2000



Mr. Tim Gum
New Mexico Oil Conservation Division
811 South First Street
Artesia, NM 88210

Re: Current Status of Oil and Gas Wells
9/8/00

Dear Mr. Gum:

We received the list of wells you faxed on 9/19/00 as referred to in your letter of 9/8/00. St. Mary Land & Exploration Company is the operator of the subject wells. Nance Petroleum, as a wholly owned subsidiary of St. Mary, assumed operations from contract operator Coastal Management on 1/1/00. The PDU #504 (API #30015260280000) should not be on this list of inactive wells as it was returned to production in February, 00. Attached are copies of documentation of the reactivation work.

I am working with our geologist to evaluate potential future use for the remaining inactive wells and bringing them into compliance. We have not finished all the assessments but the following is a summary of where we are heading with each of the remaining wells you identified.

Tecumseh Federal 001 API #30015279350000: The well was recompleted to the Wolfcamp formation. Paying quantities of oil and/or gas were not found. The well is shut in as of 2/1/98.

Action Planned: Will submit Sundry Notice proposing P&A with work to be done by 1Q 2001.

Blackhawk Federal 001 API #30015252350000: Well was TA'd 12/12/96 with a CIBP @ 3690'.

Action Planned: Will submit Sundry Notice to renew TA status as the well has possible future utility as a service well. Paperwork and MIT to be done 4Q 2000.

Geronimo Federal 011 API #30015258030000: Approval was obtained to convert subject well to a salt water disposal well (Administrative Order SWD-571) in 11/94. The work has not been completed.

Action Planned: Will submit Sundry Notice proposal to TA well by setting CIBP @ +/- 4550' and performing MIT. Expect to have WSU in field for other work in Dec-Jan and will implement then.

BEFORE EXAMINER SIGNATURE	
OCD 178	
CASE NO.	12811

(178)

Parkway Delaware Unit 101 API #30015261120000: TA'd with CIBP set @ 4195' 12/12/96. Plan to convert to water injector in 2001.

Action Planned: Will submit Sundry Notice to renew TA status. Paperwork and MIT to be done 4Q 2000.

Osage Federal 017 API #30015262980000: Shut-in commingled completion in Delaware & Bone Spring. Geology evaluating for additional pay, TA or P&A.

Action Planned: Recommendation expected 4Q 2000. Paperwork and implementation will be completed by 1Q 2001.

Osage Federal 007 API #30015260510000: TA'd with CIBP set 5/97 @ 1350' w/20' cmt on top of CIBP. Evaluating for future utility.

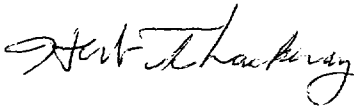
Action Planned: Will submit Sundry Notice to renew TA status or P&A pending evaluation. Paperwork to be done 4Q 2000. If TA – MIT will be done 4Q 2000, if P&A – will be done 1Q 2001.

Agave IK State 001 API #30015261690000: TA'd with CIBP set 1/90 @ 3700' w/35' cmt cap. Possible service well or deepen to Bone Spring.

Action Planned: Will submit Sundry Notice to renew TA status. Paperwork and MIT to be done 4Q 2000.

I apologize for the delay in responding to you but we did not receive the original May letter you had referred to. Since taking over operations in January, these wells have not been the top priority so most of them we are looking at for the first time. I will be in the field the next 1 ½ weeks and will be able to visit these locations while there. Upon my return I can be putting together the intent Sundry proposals. Some of these proposals will require AFE's, partner approvals, etc. and pulling units are extremely tied up these days which is why I'm anticipating it being 1Q 2001 before all the necessary work is completed. If you need to visit with me about any of the specifics, my direct # is (406) 255-8627.

Sincerely,



Herb Thackeray
Operations Engineer

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Budget Bureau No. 1004-0135
Expires August 31, 1985

SUBMIT IN TRIPLICATE
(Other instructions reverse side)

5. LEASE DESIGNATION AND SERIAL NO.
NM24160

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—" for such proposals.)

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

OIL WELL GAS WELL OTHER

7. UNIT AGREEMENT NAME
Parkway Delaware Unit

1. NAME OF OPERATOR
St. Mary Land & Exploration c/o Nance Petroleum

8. FARM OR LEASE NAME

2. ADDRESS OF OPERATOR
P. O. Box 7168 - Billings, MT 59103

9. WELL NO.
504

3. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface

10. FIELD AND POOL, OR WILDCAT
Parkway Delaware

660' FSL & 1980' FWL Unit Letter N

11. SEC., T., R., X., OR BLK. AND SURVEY OR AREA

Sec. 35; T19S; R29E

4. PERMIT NO.
30-015-26028

15. ELEVATIONS (Show whether DT, RT, OR, etc.)
3324 KB

12. COUNTY OR PARISH **13. STATE**
Eddy NM

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
(Other) <input type="checkbox"/>	

SUBSEQUENT REPORT OF:

WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREATMENT <input checked="" type="checkbox"/>	ALTERING CASING <input checked="" type="checkbox"/>
SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
(Other) <input type="checkbox"/>	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

1/20/00-2/07/00 MIRU WSU. Set 5 1/2" CIBP @ 4345'. Dump bail cement to 4325'. Test casing intervals suspected of having leaks with Pkr-RBP and swab to determine inflow. Determined remedial squeeze prior to running liner was not necessary. Ran 4" 10.46# L-80 FJ liner from 4328' to surface. Cement in two stages with 120 sx Class "C". Drill out cement & DV tool at 2932' to PBTD at 4297'. Run CBL. Perforate Delaware "C" zone 4198-4208' with 6 spf (60 holes). Acidize with 1000g 7.5% HCL. Frac with 36,000# 20/40 ottawa and 26,000# resin coated 20/40 ottawa sand. Clean out and run production equipment.

2/16/00 Tested 19 B0 + 160 BW + 48 MCFG.

ACCEPTED FOR RECORD
PETER W. CHESTER
Peter W. Chester
MAR 28 2000
BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA

I hereby certify that the foregoing is true and correct

SIGNED *Nancy R. Thackery*

TITLE Operations Engineer

DATE 3/16/00

(This space for Federal or State office use)

APPROVED BY _____

TITLE _____

DATE _____

CONDITIONS OF APPROVAL, IF ANY: _____

A-62 pic

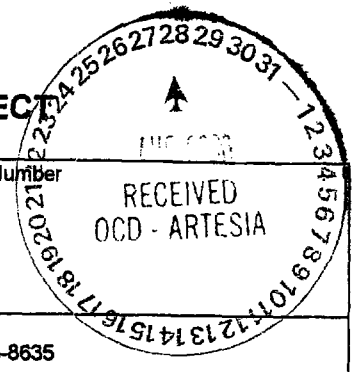
strict I - (505) 393-6161
 25 N. French Dr
 Hobbs, NM 88240
strict II - (505) 748-1283
 1 S. First
 Tesia, NM 88210
strict III - (505) 334-6178
 00 Rio Brazos Road
 Tec, NM 87410
strict IV - (505) 827-7131
 40 S. Pacheco
 Santa Fe, NM 87505

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
 2040 South Pacheco Street
 Santa Fe, New Mexico 87505
 (505) 827-7131

Form C-139
 Revised 06/99

**SUBMIT ORIGINAL
 PLUS 2 COPIES
 TO APPROPRIATE
 DISTRICT OFFICE**

APPLICATION FOR PRODUCTION RESTORATION PROJECT



Operator and Well:

Operator name & address t. Mary Land & Exploration Co. Nance Petroleum Corporation O Box 7168 Billings, MT 59103-7168				OGRID Number 154903				
Contact Party Jenice Fugere				Phone (406) 255-8635				
Property Name Parkway Delaware Unit			Well Number 504		API Number 30-015-26028			
Section 35	Township 19S	Range 29E	Feet From The 660	North/South Line South		Feet From The 1980	East/West Line West	County Eddy

Pool and Production Restoration:

Previous Producing Pool(s) (If change in Pools):

Date Production Restoration started: January 20, 2000 Date Well Returned to Production: February 7, 2000

Describe the process used to return the well to production (Attach additional information if necessary):
See Attached Sundry Notice

Identify the period and Division records which show the Well had thirty (30) days or less production for the twenty-four consecutive months prior to restoring production:

Records Showing Well produced less than 30 days during 24 month period:		Month/Year (Beginning of 24 month period): <u>December 1997</u>	
<input type="checkbox"/> Well file record showing that well was plugged <input checked="" type="checkbox"/> ONGARD production data <input type="checkbox"/> OCD Form C-115 (Operator's Monthly Report)		Month/Year (End of 24 month period): <u>January/2000</u>	

Affidavit:

State of Montana)
) ss.
 County of Yellowstone)
Jenice Fugere, being first duly sworn, upon oath states:

1. I am the Operator, or authorized representative of the Operator, of the above-referenced Well.
2. I have personal knowledge of the facts contained in this Application.
3. To the best of my knowledge, this application is complete and correct.

Signature Jenice Fugere Title Production Assistant Date 8/24/00

SUBSCRIBED AND SWORN TO before me this 24th day of August, 2000

Notary Public

My Commission expires: 6/28/2004

FOR OIL CONSERVATION DIVISION USE ONLY:

CERTIFICATION OF APPROVAL:

This Application is hereby approved and the above-referenced well is designated a Production Restoration Project. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that production was restored on: 2/17/00

Signature District Supervisor <u>Tom W. Gunn</u>	OCD District <u>11</u>	Date <u>9/15/00</u>
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DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT: 9/15/00