



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

January 20, 1988

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STATE LAND OFFICE BUILDING
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(505) 827-5800

Pennzoil Company
P. O. Box 2967
Houston, Texas 77252-2967

Attention: Mr. David Hardy

Re: Vermejo Ranch Operations
Colfax County, New Mexico

Dear Mr. Hardy:

A review of the well files on your above-referenced operations has indicated that there are some serious deficiencies in the records.

It has been brought to the attention of this office that for the past six plus years monthly production records have indicated production from the Vermejo Ranch Well No. 4 in Sec. 33, Township 32 North, Range 17 East (enclosed). Our well file records show that only one well has been drilled in this section, the Vermejo Well No. 3 and that it was plugged and abandoned in June of 1981. This office is fairly certain that this production is from your Vermejo Ranch Well No. 2 in Section 1, Township 31 North, Range 17 East. If this is the case, we will request corrected copies of the Operator's Monthly Report (Form C-115) form from the time the well went into production to present.

In other matters concerning the Vermejo Well No. 2, this office has yet to receive Form C-104 (Authorization to Transport), affidavit of gas well connection, (Form C-125 (annual shut-in pressure test), 4 point test, and a well bore deviation record.

In the matter of the Van Breamer Well No. 33, this office has received the Well Completion Report (Form C-105) and logs. This well was originally permitted in Section 30, Township 30 North, Range 19 East at a footage location of 2597 feet from the east line and 2450 feet from the south line. Form C-105 gives a location of Section 20, Township 30 North, Range 19 East and a footage location of 2186 feet from the east line and 2085 feet from the south line. This office has no record for a drilling permit at this location and if there is an error as to