



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 3, 2004

Kerr McGee Oil & Gas Onshore, LLC
16666 Northchase
Houston, TX 77060
Attn: Mr. Rod L. Bailey-Regulatory Manger

30-015-33402

**RE: Shut-in Order for the Federal '28' Well # 4, located in Unit G, of Section 28, 1725' FNL & 1750' FNL,
Township 21 South, Range 23 East in Eddy County, New Mexico.**

Dear Mr. Bailey or to Whom It may Concern

Concerning the above referenced well the New Mexico Oil Conservation Division (NMOCD) has yet to received required regulatory information that permits oil/gas production. As you should be aware from earlier cases in the past of regulatory information not being submitted or in a timely manner on other wells, submittal of such information is necessary in order for an operator to produce and transport oil and gas products.

As we have received your "Request for Allowable and Authorization to Transport" on Form C-104 , all other regulatory information is lacking. This includes a notarized well deviation report, well completion report, all sundry notices and a complete set of electric logs, which were run on said well.

Below are the NMOCD Rules and Regulations that I am aware of that this particular well is in violation of.

I also provide you with our web site for your convenience:

<http://www.emnrd.state.nm.us/ocd>

Unless our office does not receive all information on August 6, 2004, this well is to be shut in until compliance with NMOCD Rules and Regulations are met.

19.15.1.14 UNITED STATES
GOVERNMENT LEASES:

Operator shall file or cause to be filed with the division copies of "application for permit to drill, deepen or plug back," (BLM form no. 3160-3), "sundry notices and reports on wells," (BLM form no. 3160-5), and "well completion or recompletion report and log," (BLM form no. 3160-4), as approved by the bureau of land management for wells on U.S. government land. [1-1-50...2-1-96; 19.15.1.14 NMAC - Rn, 19 NMAC 15.A.14, 5-15-01]

19.15.13.1103 SUNDRY
NOTICES AND REPORTS ON WELLS (Form
C-103):

Form C-103 is a dual purpose form to be filed with the appropriate district office of the division to obtain division approval prior to commencing certain operations and also to report various completed operations.

A. Form C-103 as a notice of intention

D. Report of results of test of casing and cement job; report of casing alteration: A report of casing and cement test shall be filed by the operator of the well within ten days following the setting of each string of casing or liner. Said report shall be filed in triplicate on form C-103 and shall present a detailed description of the test method employed and the results obtained by such test and any other pertinent information required by 19.15.1.107 NMAC. The report shall also

indicate the top of the cement and the means by which such top was determined. It shall also indicate any changes from the casing program previously authorized for the well.

19.15.13.1105 WELL
COMPLETION OR RECOMPLETION
REPORT AND LOG (Form C-105):

A. Within 20 days following the completion or recompletion of any well, the operator shall file form C-105 with the division. It must be filed in quintuplicate and each copy accompanied by a summary of all special tests conducted on the well, including drill stem tests. In addition, one copy of all electrical and radio-activity logs run on the well must be filed with form C-105. If the form C-105 with attached log(s) and summaries is not received by the division within the specified 20-day period, the allowable for the well will be withheld until this rule has been complied with.

Please note that the forms you file with the BLM are accepted in place of the NMOCD forms.
Please feel free to call if you have any questions about this matter or if I can provide any further information.

Respectfully yours,

Bryan G. Arrant
PES

Cc: Tim Gum- District Supervisor, Artesia