

Dear Mitchel:

After reviewing the submitted C-103 dated Feb 09, 2005 for the LPG Leonard State Well #2, OCD Santa Fe approves with the following conditions:

1. The Sonor Log shall be ran and a report filed with OCD. The Log shall be the same type and procedure as approved for the #1 well.
2. All Cement Bond Logs (CBL) shall include a variable density log (VDL). The operator shall have a qualified Logging Engineer or Geologist review the log and provide conclusions and recommendations concerning the integrity of the well bore. In addition, OCD highly recommends that a casing integrity caliper i.e. pipe analysis log be ran at the same time if possible.
3. OCD will require a gamma ray/neutron log in addition to the CBL/VDL after the tubing has been removed and before any well test or well workover. This log shall be ran from the surface to the top of the salt formation.
4. The packer set for the MIT shall be within 10 feet of the bottom casing shoe. The hydrostatic test shall be ran for 30 minutes at a minimum of 300 psig or 1 1/2 times normal injection pressure whichever is greater. A calibrated pressure recording chart shall be used for the test. The device shall be calibrated for the maximum expected test pressure (full scale) and set on a one hour clock. No bleed off tolerance will be allowed unless approved by the Santa Fe Environmental Bureau.
4. if the well fails the MIT, operator must obtain OCD approval before installation of the proposed 4 inch liner, or any other work.
5. Operator shall provide OCD a 72 hour written notification (E-mail) so OCD may witness these test.

Sincerely:

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