

New Mexico
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
Governor

JENNIFER SALISBURY
Cabinet Secretary

February 3, 1998

SWR Operating Company
200 Crescent Court, Suite 1310
Dallas, TX 75201
ATTN: CHARLES LANGSTON

RE: Shugart B #1

Certified: 194 615 149

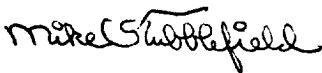
Dear Sir:

An annual Bradenhead Test was scheduled on the Shugart B #1 WIW on 3/6/97. There was no operator representative there to meet our representative at the scheduled test. Phone calls were made to you on 3/9/97 to reschedule the Bradenhead Test with no response from you or your representative.

A field inspection of the well on 3/6/97 showed the well to have a fast drip from the injection string casing valve. This drip may indicate failure of the mechanical integrity in the wellbore.

Our records show continuous non-injection exceeding a six month period. As of February 3, 1997, your authority for injection into Shugart B #1 O 33-18S-31E (API 30-015-05670) is hereby terminated ipso facto. If you have any questions, please contact me at 505-748-1283.

Sincerely,



Mike Stubblefield
Field Representative II

XC: Well File ✓
Jim Amos-BLM Carlsbad