

Stubblefield, Mike

To: CARROLL,RAND L

Subject: SHOW CAUSE HEARING

3-19-99

I.T. PROPERTIES
3502 YACHCLUB CT
ARLINGTON, TEXAS
76106

RE: 30-015-21638
F-23-19-28 DHY STATE #1

DEAR RAND CARROLL,

ON OCTOBER 30, 1996 THE DHY STATE #1 A DUAL GAS WELL COMPLETION
FAILED A SCHEDULED PACKER LEAKAGE TEST.

A REPAIR LETTER WAS SENT TO THE OPERATOR FOLLOWING THE PACKER LEAKAGE
TEST FAILURE AND REPAIR OF WELL WAS REQUESTED WITHIN 30 DAYS.

JULY 9, 1998 I CALLED AND TALKED TO MR. WENDLE CHEW AND REQUESTED WELL
BE REPAIRED.

DECEMBER 4, 1998 I SENT I.T. PROPERTIES A CERTIFIED LETTER REQUESTING WELL
BE REPAIRED OR PROPERLY TEMPORILY ABANDONED. THIS CERTIFIED LETTER WAS
NOT EXCEPTED AND WAS RETURNED TO ME.

JANUARY 7, 1999 I CALLED MR. WENDLE CHEW AND INFORMED HIM THAT
THE PERIOD TO RUN PACKER LEAKAGE TEST ON DUAL GAS COMPLETIONS HAD
ENDED OCTOBER 15, 1998 AND WE HAD NOT RECEIVED INFORMATION OF ANY
PACKER LEAKAGE TEST RUN ON THE WELL. HE STATED HE HAD NOT REPAIRED THE
WELL AND THEREFORE DID NOT RUN PACKER LEAKAGE TEST.

I INFORMED MR. CHEW THAT THE WELL NEEDED TO BE REPAIRED OR PROPERLY
ABANDONED IN COMPLIANCE WITH RULE 201 B. I GAVE HIM UNTIL JANUARY 28, 1999
TO START REPAIR.

THIS WELL HAS BEEN INSPECTED AT DIFFERENT TIMES AND WAS SHUT-IN WAITING ON
REPAIR.

I SHOW LAST PRODUCTION FOR THE DHY ST. #1 ON ONGARD TO BE OCTOBER 10,
1997.

I BELIEVE THAT DUE TO THE FAILURE OF INTERGITY IN THE WELLBORE THAT THERE
MAY BE UNAUTHORIZED COMMINGLING DOWNHOLE AND UNNECESSARY WASTE
OF RESERVOIR ENERGY.

TO PREVENT WASTE AND PROTECT CORRELATIVE RIGHTS I RECOMMEND THAT THE
DHY STATE #1 BE PROPERLY PLUGGED AND ABANDONED.

SINCERELY,

MIKE STUBBLEFIELD FIELD REP. 2