

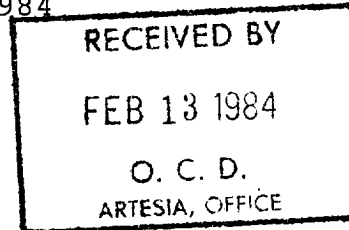


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

January 31, 1984

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800



Chama Petroleum Company
P. O. Box 31405
Dallas, Texas 75231

Gentlemen:

Order No. R-7326 was, in my opinion, explicit in requiring you to either circulate cement to the surface or at least tie back into the 8 5/8" casing at the time the 4 1/2" casing was run and cemented in the well. This was further strengthened by the notation on Form C-101 (Cmt. behind 4 1/2" csg. shall circulate or tie back into 8 5/8" csg.). You failed to comply with the order and the conditions stipulated on Form C-101.

Chama may operate this well through the present perforated interval(s). Before any other zones in the well are perforated and tested it will be necessary for Chama to complete the cementing of the 4 1/2" casing, probably by perforating at the top of the cement, establishing circulation, and cementing through the perforations.

This Division is still considering punitive action against Chama for failing to abide by Order No. R-7326 and the conditions stipulated on Form C-101.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

cc: William F. Carr
Thomas Kellahin
✓L. A. Clements