



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
3162.3-2(a) (21110)

March 3, 2006

Mr. John Thompson
Thompson Engineering & Production Company
7415 East Main St.
Farmington, New Mexico 87402



Dear Mr. Thompson:

Reference is made to the following well on Federal oil and gas lease
SF-078521:

30-045-13020

**No. 1 Rudman Federal, located 1850' FNL and 790 FWL, Sec. 27, T.25N.,
9W., San Juan, New Mexico.**

On February 27, 2006, we received a subsequent report sundry notice indicating that squeeze cementing operations were conducted to repair casing leaks. The work was commenced on August 17, 2005 and completed on August 20, 2005. This office has no record of giving prior approval, written or verbal, to perform casing repair operations. As such, you are in violation of 43 CFR 3162.3-2, Subsequent Well Operations, which requires prior approval before commencing casing repair operations. This is the second violation of this type that your company has had within the last year. The other violation is attached for your reference.

The Bureau of Land Management (BLM) takes matters of non-compliance very seriously. We believe that the lack of communication between the field and the office are the root of most violations of this sort. We encourage you to review your communication procedures and address any areas that need attention.


At this point in time, the BLM will exercise its discretionary authority and not levy any monetary penalties toward your company. However, should you continue to have these types of non-compliance issues in the future, monetary penalties will be imposed. In order to properly complete the record, please file an after-the-fact, notice of intent to conduct casing repair operations. File these documents within 30 days of the date of this letter.

Under 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request,

including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of the instructions, orders, or decisions unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et. Seq.

I you have any questions regarding the above please contact me at (505) 599-6367.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lovato". The signature is fluid and cursive, with the first name "Jim" and last name "Lovato" clearly distinguishable.

Jim Lovato
Senior Technical Advisor
Petroleum Engineer

cc:
NMOCD, Aztec
Attachment (1)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

070 FARMINGTON NM

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Thompson Engineering and Production Corp.

3a. Address

7415 E. Main, Farmington, NM, 87402

3b. Phone No. (include area code)

505-327-4892

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

990' FNL & 990' FEL, Section 3, T29N, R11W

5. Lease Serial No.

SF 080956

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Martin #3R

9. API Well No.

30-045-20260

10. Field and Pool, or Exploratory Area

Aztec Pictured Cliffs

11. County or Parish, State

San Juan, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Isolated holes in the 2-7/8" casing between 459' and 491'. Established circulation to surface through the bradenhead. Pumped 144 sx (110 cu.ft.) of Cl "B" with 2% CaCl₂. Circulated 100 of good cement to surface through the bradenhead. Closed the bradenhead valve. Pumped an additional 50 sx (59 cu.ft.) of Cl "B" with 2% CaCl₂. Displaced cement to 50'. Max squeeze pressure was 700 psi. WOC 30 min. Could not move cement with 1400 psi. WOC overnight. Drilled cement to 500'. Pressure tested the squeeze to 1500 psi - held OK. Ran 1-1/4" tubing and cleaned out to 2123' KB. Landed the 1-1/4" tubing at 2071' KB and returned the well to production.

A NOTICE OF INTENT SUBMITTED BY THE OPERATOR ON FORM (3160-5) FOR APPROVAL BY THE AUTHORIZED OFFICER PRIOR TO COMMENCING OPERATIONS TO PERFORM CASING REPAIRS, ON THIS WELL

14. Thereby certify that the foregoing is true and correct

Name (Printed/Typed)

Paul C. Thompson, P.E.

Title

President

Signature

Paul C. Thompson

Date

July 24

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

AUG 10 2005

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

FARMINGTON FIELD OFFICE
BY

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

FARMINGTON