



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

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September 2, 1981

Mr. Perry Pierce
General Counsel
Santa Fe, New Mexico 87501

Dear Perry:

On July 28, 1981, I checked the status of the Sandi Production Inc., El Poso #1, ^{26-38N-1E} the hole had been completed at a depth of 3080 feet, and the rig crew was laying down drill pipe after logging. The hole was not equipped with a blow-out preventor which is required, as this is a wildcat area. Also, location did not have a well sign.

While enroute to another location which Sandi has staked, I discovered a cable tool rig on an old plugged hole. The rig owner was on location and told me he had been hired by Sandi Production to re-enter it. They had drilled out top plug and gone to bottom at 1430'. They then cut 5' of new hole and shut down to wait on orders. Sandi does not have a plugging bond and have not filed an intent to re-enter. Also, rig is not equipped with blowout prevention equipment and there is no well sign. This hole proved to be the Tamanaco Oil Co., Pound Ranch #14, plugged in 1963.

I had a telephone conversation with Mr. Ken Smith with Sandi Production. He is under the impression that this well is located in Sec. 11-28N-1E. It is actually in Sec. 14-28N-1E. There is a possibility that Sandi does not have this section leased.

Due to the seriousness of some of these infractions, particularly being unbonded, I recommend Sandi Production, Inc. be penalized.

Very truly yours,

Charles Gholson
Deputy Inspector

XC: Reading File

Dick Stamets

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CG/bk