OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS RD. · AZTEC

87410

LAND COMMISSIONER

PHIL R. LUCERO

DIRECTOR

JOE D. RAMEY

STATE GEOLOGIST

EMERY C. ARNOLD

April 7, 1978

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Petroleum Energy, Inc.
2305 N.W. Grand Blvd.
Oklahoma City, Oklahoma 73116

Re: Petroleum Energy, Inc.
    Navajo #1
    F-5-26N-19W

    Petroleum Energy, Inc.
    Navajo 32 #1
    0-32-27N-19W

Gentlemen:

A copy of the enclosed NOTICE was posted today at the location of
each of the captioned wells.

The violations are as follows:

Navajo #1 well:
1. Production in violation of a shut in in the Northwest Oil
   Proration Schedule for failure to file monthly production
   reports, form C-115, since May, 1976;

2. No C-104 authorizing Western Helium Corporation to take
   gas from the lease;

3. Commingling production from leases; and,

4. Well sign illegible.

Navajo 32 #1
1. No well completion reports filed, form 9-330.

2. No C-104 authorizing Western Helium to take gas from the lease;
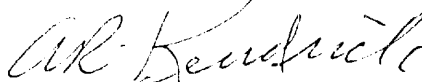
3. Commingling production from leases; and,

4. No well sign.

A Gas Connection Notice has not been received for either well.

Transporters of products are hereby directed to cease accepting products from either well immediately.

If there are questions, please call.

Yours very truly,

A. R. Kendrick
Supervisor, District #3

Enclosure - Shut in Notice

xc: U.S.G.S., Farmington
      Oil Conservation Division, Santa Fe
      Western Helium Corporation
      The Permian Corporation

ARK:no

Copy to Guy Magness
7007 Via de Paesia
Scottsdale, AE 85258

NOTICE

New Mexico Oil Conservation Commission

TO WHOM IT MAY CONCERN:

THIS WELL, LOCATED IN SECTION ——————, T. ——————, R. ——————, COUNTY OF

————————— IS HEREBY ORDERED TO CEASE ALL DRILLING-PRODUCTION ACTIVITY FOR FAILURE OF THE OPERATOR TO COMPLY WITH THE RULES AND REGULATIONS OF THE NEW MEXICO OIL CONSERVATION COMMISSION. THIS WELL IS TO REMAIN SHUT DOWN AND ALL OPERATIONS MUST BE SUSPENDED UNTIL THE REGULATIONS OF THE COMMISSION HAVE BEEN COMPLIED WITH AND WRITTEN PERMISSION GRANTED TO RESUME OPERATIONS.

ANY VIOLATION OF THIS ORDER BY ANY PERSON OR PERSONS IS PUNISHABLE BY FINE AND COURT ACTION AS PROVIDED BY LAW UNDER THE STATE OIL CONSERVATION ACT OF 1935, SUCH FINE NOT TO EXCEED ONE THOUSAND ($1,000.00) DOLLARS PER DAY FOR EACH AND EVERY DAY OF SUCH VIOLATION AND FOR EACH AND EVERY ACT OF VIOLATION.

Date—————————————————

By——————————————————
Oil Commission Representative

Office——————————————————