

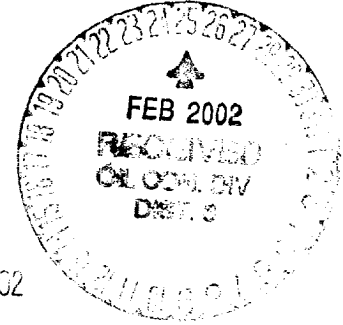


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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



IN REPLY REFER TO:
NM-SF-077107B (WC)
3162.3-2 and 3162.3-4 (07100)

FEB 21 2002

CERTIFIED--RETURN RECEIPT REQUESTED
7106 4575 1292 2684 1897

Mr. Dave Wacker
Conoco Incorporated
P.O. Box 2197, DU 3084
Houston, TX 77252-2197

Dear Mr. Wacker:

Reference is made to the following well on Federal oil and gas lease NM-SF-077107B:

m - 10
**No. 3M Michener LS, located 100' FSL and 1190' FWL, Sec. ~~15~~, T. 28 N., R. 9 W.,
San Juan County, New Mexico.**

On December 27, 2001, we were notified by your field representative Jim Tully, that the subject well had intermediate casing set at 4414'. He indicated that during the cementing operation lost circulation was encountered resulting in failure of the cement to circulate to surface as originally proposed. He was informed by this office to run a survey to determine the top cement prior to completing the well. Upon updating the well record with this information, we found that the well was approved for 3197' of intermediate casing, not the 4414' that was actually run in the well. After further investigation, we found out that this well was actually plugged and abandoned and sidetracked after hole problems were encountered and part of the drilling assembly was lost in the hole. Furthermore, we had a Sundry Notice of intent to change the drilling, casing and cement program which coincidentally, was approved the same day that we received the phone call from Mr. Tully. This Sundry Notice however, had nothing to do with the plug back and sidetrack operations.

This office has no record of prior approval, written or verbal, being given to conduct these operations. The Sundry Notice faxed to us on January 3, 2002, was in essence an after-the-fact notice of the problems encountered and the abandonment and side track operations conducted. As such, you are in violation of 43 CFR 3162.3-2, Subsequent Well Operations and 43 CFR 3162.3-4 Well abandonment, which require prior approval before commencing abandonment and side track (redrill) operations. This is the second violation of this sort that Conoco Incorporated had. A copy of a previously issued violation notice is attached for your reference.

Obviously, there were several communication break downs associated with this well. The holidays may have played a role in this break down as well, however this does not relieve your company

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from the prior approval requirements outlined above. As such, you are subject to a \$500 major violation assessment pursuant to 43 CFR 3163.1(b)3 for failure to obtain approval for well abandonment prior to commencing such operations. In addition, you are also subject to a minor violation assessment of \$250 for failure to obtain prior approval before commencing redrill operations pursuant to 43 CFR 3163.1(a)2. You will be billed for the amount of \$750 by this office. You are further advised that if you fail to abate these types of violations in the future, you will be subject to Civil Penalties under the major violation provisions pursuant to 43 CFR 3163.2. Enclosed you will find your processed Sundry Notices. Within 30 days of this notice, you must file a subsequent report Sundry Notice detailing the work conducted since the abandonment, including directional surveys, casing, and cement operations.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the assessment described above. Such 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 (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the orders unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions, please contact Jim Lovato at (505) 599-6367 at your convenience.

Sincerely,

/s/ Jim Lovato

FC David J. Mankiewicz
Assistant Field Manager, Minerals

2 Enclosures:

- 1- Processed Sundry Notices (2)
- 2 -Violation Notice (No. 249M SJ 28-7 U)

cc:

- NMOCD, Aztec (w/enclosure 1)
- NMOCD, Santa Fe (w/enclosure 1)

Operator Name: Conoco
 Well Name: MICHENER LS 3M
 Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3)
 Date: December 13, 2001



Proposal No: 100168095D

FLUID SPECIFICATIONS (Continued)

STAGE NO.: 2

Spacer 10.0 bbls 2%KCL @ 8.4 ppg

<u>FLUID</u>	<u>VOLUME CU-FT</u>	<u>VOLUME FACTOR</u>	<u>AMOUNT AND TYPE OF CEMENT</u>
Slurry	300	/ 2.02	= 149 sacks Premium Lite High Strength FM + 3 lbs/sack CSE + 0.15% bwoc R-3 + 0.25 lbs/sack Cello Flake + 0.45% bwoc CD-32 + 0.65% bwoc FL-52 + 105.7% Fresh Water
Disp-Spacer			9.7 bbls 2%KCl @ 8.4 ppg
Displacement			71.0 bbls MUD @ 9 ppg

CEMENT PROPERTIES

**SLURRY
NO. 1**

Slurry Weight (ppg)	12.50
Slurry Yield (cf/sack)	2.02
Amount of Mix Water (gps)	10.63
Estimated Pumping Time - 70 BC (HH:MM)	3:00
Free Water (mls) @ ° F @ 90 ° angle	0.0
Fluid Loss (cc/30min) at 1000 psi and ° F	285.0



FLUID SPECIFICATIONS (Continued)

STAGE NO.: 3

Spacer 20.0 bbls Freshwater @ 8.34 ppg

<u>FLUID</u>	<u>VOLUME CU-FT</u>	<u>VOLUME FACTOR</u>	<u>AMOUNT AND TYPE OF CEMENT</u>
Lead Slurry	2170 /	2.08	= 1042 sacks Premium Lite FM + 1% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 8% bwoc Bentonite + 115.6% Fresh Water
Tail Slurry	161 /	1.4	= 115 sacks Type III Cement + 1% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 60.5% Fresh Water

Displacement 71.0 bbls 2%KCl @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.10	14.50
Slurry Yield (cf/sack)	2.08	1.40
Amount of Mix Water (gps)	11.62	6.82
Estimated Pumping Time - 70 BC (HH:MM)	4:30	2:30
Free Water (mls) @ ° F @ 90 ° angle		
Fluid Loss (cc/30min) at 1000 psi and ° F		
COMPRESSIVE STRENGTH		
24 hrs @ 80 ° F (psi)	250	2450
48 hrs @ 80 ° F (psi)	525	3750

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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 to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

- 5. Lease Serial No.
NMSF 077107-B
- 6. If Indian, Allottee or Tribe Name
- 7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

- 8. Well Name and No.
MICHENER LS 3M
- 9. API Well No.
30-045-30885
- 10. Field and Pool, or Exploratory
BLANCO MESAVERDE/BASIN DAKO
- 11. County or Parish, and State
SAN JUAN COUNTY, NM

- 1. Type of Well
 Oil Well Gas Well Other
- 2. Name of Operator
CONOCO INC. Contact: DEBORAH MARBERRY
E-Mail: deborah.moore@usa.conoco.com
- 3a. Address
P.O. BOX 2197 DU 3066
HOUSTON, TX 77252
- 3b. Phone No. (include area code)
Ph: 281.293.1005
Fx: 281.293.5466
- 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 10 T28N R9W SWSW 100FSL 1190FWL

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Change to Original APD
	<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 Operation (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 recomplate 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 recompletion 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.)

Due to chance of getting wet in the Cliffhouse, we are going to switch from ~~mud~~ drilling to ^{air} drilling the entire well. By doing this, will eliminate the intermediate casing string. Please see attached revised cement procedure.

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #9776 verified by the BLM Well Information System For CONOCO INC., sent to the Farmington

Name (Printed/Typed) DEBORAH MARBERRY Title SUBMITTING CONTACT

Signature (Electronic Submission) *Deborah Marberry* Date 12/13/2001

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 1st Jim Lovato Title Petr. Eng. Date 12/27/01

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 BLM-KFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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.

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NMOCD



**Conoco
MICHENER LS 3M**

Key 43 Rig
API # 30-045-30885-0000
BASIN Field

San Juan County, New Mexico
December 13, 2001

Cement Recommendation

Prepared for:
Mr. Ricky Joyce
Drilling Engineer
Conoco

Prepared by:
Benjamin Weber
Region Engineer
Houston, Texas
Bus Phone: 281-293-1714
Mobile: 713-557-0334
Pager: 713-764-9233
Email: bweber@bjservices.com



POWERVISION™

Service Point:
Farmington
Bus Phone: (505) 327-6222
Fax: (505) 327-5766

Service Representatives:
Terry Crabb
District Sales Supervisor
Farmington, New Mexico

Timothy Higgins
Account Manager
Houston, Texas
Bus Phone: (713) 683-3466
Pager: (713) 716-1163

Operator Name: Conoco
Well Name: MICHENER LS 3M
Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3)
Date: December 13, 2001



Proposal No: 100168095D

JOB AT A GLANCE

Depth (TVD)	7,285 ft
Depth (MD)	7,489 ft
Hole Size	8.75 in
Casing Size/Weight :	4 1/2 in, 10.5 lbs/ft
Pump Via	Casing 4 1/2" O.D. (4.052" I.D) 10.5 #
Total Mix Water Required	20,758 gals
Stage No: 1	Float 7,405 ft
Spacer	
2% KCl	10 bbls
Density	8.4 ppg
Cement Slurry	
Premium Lite HS FM	591 sacks
Density	12.5 ppg
Yield	2.02 cf/sack
Disp-Spacer	
2% KCl	38 bbls
Density	8.4 ppg
Displacement	
Mud	80 bbls
Density	9.0 ppg



JOB AT A GLANCE (Continued)

	Stage No: 2	Stage	5,060 ft
Spacer			
2%KCL			10 bbls
Density			8.4 ppg
Slurry			
Premium Lite HS FM			149 sacks
Density			12.5 ppg
Yield			2.02 cf/sack
Disp-Spacer			
2%KCl			10 bbls
Density			8.4 ppg
Displacement			
MUD			71 bbls
Density			9.0 ppg
	Stage Collar set @		4,450 ft
Spacer			
Freshwater			20 bbls
Density			8.3 ppg
Lead Slurry			
Premium Lite FM			1,042 sacks
Density			12.1 ppg
Yield			2.08 cf/sack
Tail Slurry			
Type III			115 sacks
Density			14.5 ppg
Yield			1.40 cf/sack
Displacement			
2%KCl			71 bbls
Density			8.4 ppg

Operator Name: Conoco
Well Name: MICHENER LS 3M
Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3)
Date: December 13, 2001



Proposal No: 100168095D

FLUID SPECIFICATIONS

STAGE NO.: 1

Spacer 10.0 bbls 2% KCl @ 8.4 ppg

<u>FLUID</u>	<u>VOLUME CU-FT</u>	<u>VOLUME FACTOR</u>	<u>AMOUNT AND TYPE OF CEMENT</u>
Cement Slurry	1194 /	2.02	= 591 sacks Premium Lite High Strength FM + 3 lbs/sack CSE + 0.3% bwoc R-3 + 0.25 lbs/sack Cello Flake + 0.45% bwoc CD-32 + 0.65% bwoc FL-52 + 105.7% Fresh Water
Disp-Spacer			38.1 bbls 2% KCl @ 8.4 ppg
Displacement			80.0 bbls Mud @ 9 ppg

CEMENT PROPERTIES

**SLURRY
NO. 1**

Slurry Weight (ppg)	12.50
Slurry Yield (cf/sack)	2.02
Amount of Mix Water (gps)	10.63
Estimated Pumping Time - 70 BC (HH:MM)	3:30
Free Water (mls) @ ° F @ 90 ° angle	0.0
Fluid Loss (cc/30min) at 1000 psi and ° F	285.0

COMPRESSIVE STRENGTH

24 hrs @ 200 ° F (psi)	1960
48 hrs @ 200 ° F (psi)	2100

RHEOLOGIES

<u>FLUID</u>	<u>TEMP</u>	<u>600</u>	<u>300</u>	<u>200</u>	<u>100</u>	<u>6</u>	<u>3</u>
Cement Slurry	@ 80 ° F	65	37	28	17	5	4



WELL DATA (Continued)

<u>STAGE: 1</u>	Float Collar set @	7,405 ft
	Mud Density	9.00 ppg
	Mud Type	Water Based
	Est. Static Temp.	200 ° F
	Est. Circ. Temp.	136 ° F

VOLUME CALCULATIONS

2,429 ft	x	0.3071 cf/ft	with	60 % excess	=	1186.8 cf
84 ft	x	0.0896 cf/ft	with	0 % excess	=	7.5 cf (inside pipe)
TOTAL SLURRY VOLUME					=	1194.4 cf
					=	213 bbls