



STATE OF NEW MEXICO  
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

July 18, 1991

Ms. Brooke Eiche, Senior Engineer  
Kimbark Oil & Gas Company  
1660 Lincoln, Suite 2700  
Denver, Co. 80264

Re: Storey #2 PC Well P-34-32N-11W

Dear Ms. Eiche:

Please refer to the letter of May 20, 1991, directing Hallador Petroleum Company to take immediate remedial action on the referenced well. The NMOCD was not aware that there was a bonding problem with Hallador at that time. The BLM has requested that the NMOCD issue another letter addressed to Kimbark.

Kimbark Oil & Gas Company is directed to immediately enter the referenced well and commence remedial action to correct existing casing leaks and insure that the production casing annulus has a solid cement sheath into the surface casing, or in the alternative plug and abandon the well. Remedial operations must commence within thirty days of the date of this letter. Submit a proposed plan of remediation to the BLM in a sundry notice with a copy to the Aztec NMOCD.

Potential fresh water contamination and the waste of natural gas has been tied to this and other wells. The NMOCD is taking measures to insure that all manmade conduits for hazards to the environment are eliminated.

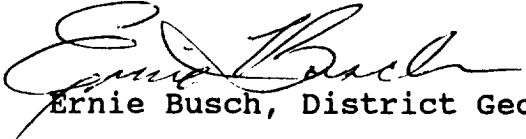
Failure to comply will result in shutting in the well, cancellation of allowable and possible fines of one thousand dollars a day from the date of receipt of this letter.

This office must be notified twenty-four hours prior to any field operations.

Kimbark Oil & Gas Co. P. 2.

If you have any questions, please contact me at 505-334-6178 or write to the letter head address.

Your,s truly,

  
Ernie Busch, District Geologist

xc: Farmington BLM-John Keller  
Operator file  
Well file