

JIM PIERCE

OIL AND GAS PROPERTIES
SUITE 859
PETROLEUM BUILDING
200 WEST FIRST
ROSWELL, NEW MEXICO 88203

PHONE 505-622-7246
FAX 505-622-1711
EMAIL: jplandman@dfn.com

RECEIVED

NOV 21 2002

OIL CONSERVATION
DIVISION

November 18, 2002

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attention: Ms. Lori Wrotenbery, Director

Re: Case No. 12862
Order No. R-11859

Dear Ms. Wrotenbery:

On behalf of N. Dale Nichols, this letter is in response to your letter dated November 5, 2002 regarding an \$11,000.00 penalty assessment levied against Mr. Nichols for non-compliant wells.

Enclosed are copies of Form C-103's reflecting the work that was performed on the wells in question, whereby all wells were brought into compliance as early as June and July.

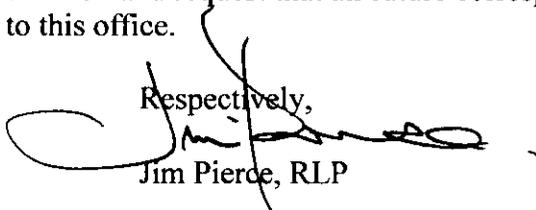
I believe that the work performed on the Lewis Neff #3 in June of 1991 and 2002 was not witnessed, however, a C-103 reflecting this work has been filed for approval as of the date of this letter.

N. Dale Nichols has performed all work prescribed in a timely manner and at great expense to comply with the Division's directives per its May 2, 2002 hearing.

With this in mind, we request, on behalf of N. Dale Nichols, that the penalty assessment be formally dismissed and no further action be taken.

We appreciate your help and consideration and request that all future correspondence concerning this matter be directed to this office.

Respectively,


Jim Pierce, RLP

JP

Encl.

Xc: NMOCD District II Office

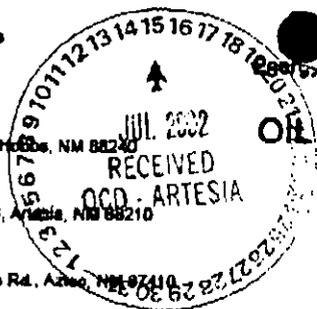
Xc: N. Dale Nichols

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Minerals and Natural Resources Department

Form C-103
Revised 1-1-99

JP



DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 Pecheo St.
Santa Fe, NM 87505

WELL API NO.
30-005-10471

Indicate Type of Lease
STATE FEE

State Oil & Gas Lease No.
VA-813

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

Type of Well:
OIL WELL GAS WELL OTHER

Name of Operator
N. Dale Nichols

Address of Operator
P.O. Box 1972, Midland, Texas 79702

Well Location
Unit Letter K 2310 Feet From The South Line and 1850 Feet From The West Line
Section 4 Township 8S Range 27E NMPM Chaves County

Elevation (Show whether DF, RKB, RT, GR, etc.)
1971 GR

Lease Name or Unit Agreement Name
Avalanche Journal State

Well No.
4

Pool name or Wildcat
ACME (San Andres)

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ANBANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- 6-14-02 RU company pulling and pull on stuck tubing it is still stuck
- 6-17-02 Unscrew tubing at 16 jts down. Screw back together.
- 6-18-02 Call Rotary Wire Line to run free point and we cut the tubing.
- 6-19-02 Pull tubing leaving 1 1/2 jts + SN + Mud anchor in well (38' to wash over to get to top of MA)
- 6-24-02 Run tubing with SN and MA ran Pump and rods. Waiting on electric company.
- 7-1-02 Elitic company hooked us up and started well pumping.
- 7-8-02 test well for i week and show 2BOPD and 12BWPD production.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *John E. Nichols* TITLE Manager DATE 07-10-2002

TYPE OR PRINT NAME John E. Nichols TELEPHONE NO. 915-897-1576

(This space for State Use)

APPROVED BY *JP* TITLE Field Rep DATE JUL 18 2002

CONDITIONS OF APPROVAL, IF ANY:

DISTRICT I
P.O. Box 1990, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO. 30-005-10513
Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
State Oil & Gas Lease No. E-3614
Lease Name or Unit Agreement Name Standard State
Well No. 6Y
Pool name or Wildcat ACME (San Andres)

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	
Name of Operator N. Dale Nichols	Well No. 6Y
Address of Operator P.O. Box 1972, Midland, Texas 79702	Pool name or Wildcat ACME (San Andres)
Well Location Unit Letter <u>G</u> : <u>2310</u> Feet From The <u>North</u> Line and <u>2310</u> Feet From The <u>East</u> Line Section <u>5</u> Township <u>8S</u> Range <u>27E</u> NMPM <u>Chaves</u> County	
Elevation (Show whether DF, RKB, RT, GR, etc.) 3977	

11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ANBANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- 5-29-02 RU company pulling with 3 7/8" bit 1 3/8" bottom collar with reverse unit. Drilled rust and scale out of bad casing 10' - 66'. Washed to 375' hit parted casing. Had very hard time getting bit through parted casing. Washed to 1908' hit iron in hole could go no further. While washing out the 4 1/2" casing at surface fell down hole 18" until tubing slips were setting on the 8 5/8" surface casing. At this point we called Van Barton at the Artesia OCD office and got verbal approval to plug the well.
- 5-30-02 Pump 38 sks of cement at 1908', pulled tubing to 900'.
- 5-31-02 run tubing back and tagged cement at 1320'. Pulled tubing to 403' pumped 25 sks cement and pulled out of hole.
- 6-3-02 Ran tubing open ended and tagged cement 222'. Mixed 25 sks cement and filled hole and annulus between 4 1/2" and 8 5/8" to surface. Installed Dry hole marker and cleaned up location. Well is P & A

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Manager DATE 06-12-2002

TYPE OR PRINT NAME John E. Nichols TELEPHONE NO. 915-897-1576

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

WELL DATA SHEET
COMPANY N. Dale Nichols

LEASE & WELL Standard-State 6Y

POOL Acme (San Andres)

LOCATION 2310 ENL 2310 PBL Section #4 Unit Letter G
 T 8 S, R 27 E, Chaves Co, New Mexico

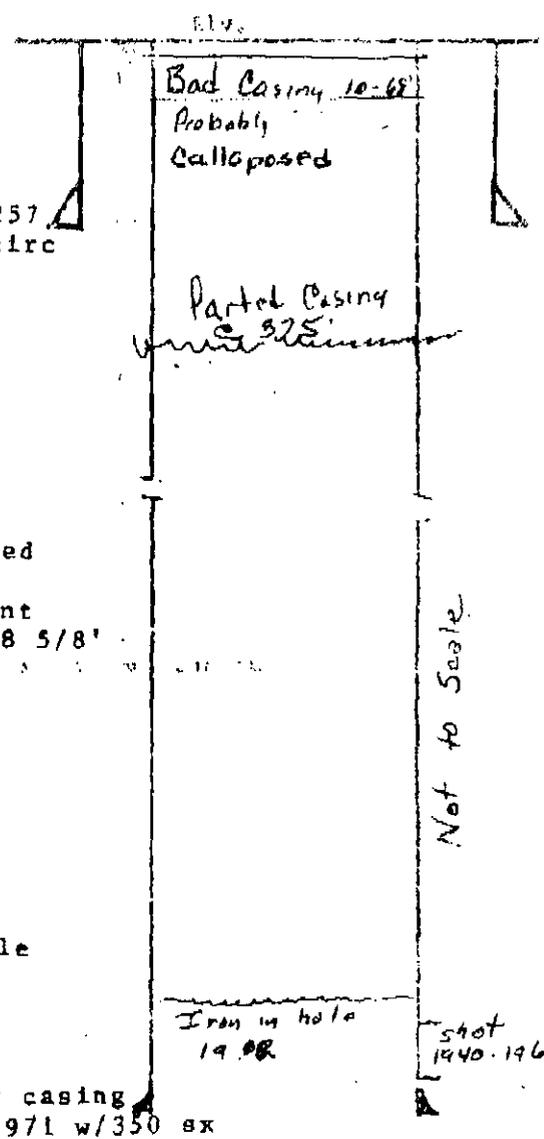
Date Drilled 1966 **Date Completed** TA 1969 **T.D.** 1971 **F.B.T.D.**

Original Series Shot cased hole 60qts. **Treatment & Prod.** 11,000 gal 15% 1940-62
 1940 to 1962'

Present Producing Zone None

Present Produ.	0	BOFD
	0	BWFD
	0	MCFFPD
Accumulative:	0	BD
	0	BW
	0	MCFFG

8 5/8" @ 257
 w/ 150Sx circ



Remedial Work: RU Reverse Unit, Drilled rust and scale out 61' bad casing 10-68' Washed to 375'. Hit parted casing. Washed to 1908. Hit Iron in hole. Could go No further. 4 1/2" casing collapsed and went down hole until slips came to rest on 8 5/8'. Started out hole. Hooked casing with apparent tubing collar and picked up 4' and dropped back. In Hole now is 3 7/8" bit, one 3 1/8" drill collar and approximately 1850' of 2 3/8" tubing

Remarks: Request permission to spot cement through bit and retreat out of hole. We more than likely not get back in hole once we get out, if we get out We propose to P&A

No logs were run. Est Top Yates 300'
 top Queen 880' Top SA 1360'
 and top Slaughter zone 1920'

4 1/2" casing @ 1971 w/350 sx

shot 1940-1962

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

JP



DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 Pecheco St. Santa Fe, NM 87505

WELL API NO. 30-005-10429
Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
State Oil & Gas Lease No. E-3814
Lessee Name or Unit Agreement Name Standard State
Well No. 3
Pool name or Widest ACME (San Andres)

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

Type of Well:
OIL WELL GAS WELL OTHER

Name of Operator
N. Dale Nichols

Address of Operator
P.O. Box 1872, Midland, Texas 79702

Well Location
Unit Letter B 990 Feet From The North Line and 1850 Feet From The East Line
Section 5 Township 8S Range 27E NMPM Chaves County

Elevation (Show whether DF, RKB, RT, GR, etc.)
4005

11

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- 5-27-02 RU company pulling unit and reverse unit. Tagged TOC @ 13'. Start drilling out cement got to 278' started losing water 5D.
- 5-28-02 Pull Kelly, tubing and collar. Run tubing to 275' and pump 25 aka cement while pulling tubing to completely fill casing with cement.
- 5-28-02 WOC 24 hrs start drilling at top of casing. Drill to 285' start losing water 5D.
- 5-30-02 Talk to packer man in Odessa, Texas said he had a way to fix casing without running a liner but he had to build the tool.
- 7-8-02 Still waiting on tool that will pack off casing but let us pump well with 2 3/8" tubing and 1 1/2" pump and let gas through casing.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Bookkeeper DATE 07-10-2002

TYPE OR PRINT NAME John E. Nichols TELEPHONE NO. 915-897-1578

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Accepted for record - NMOCD

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO. 30-005-10429
Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
State Oil & Gas Lease No. E-3814
Lease Name or Unit Agreement Name Standard State
Well No. 3
Pool name or Wildcat ACME (San Andres)
Well Location Unit Letter <u>B</u> : <u>990</u> Feet From The <u>North</u> Line and <u>1650</u> Feet From The <u>East</u> Line Section <u>5</u> Township <u>8S</u> Range <u>27E</u> NMPM <u>Chaves</u> County
Elevation (Show whether DF, RKB, RT, GR, etc.) 4005

SUNDRY NOTICES AND REPORTS ON WELLS
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Type of Well:
OIL WELL GAS WELL OTHER

Name of Operator
N. Dale Nichols

Address of Operator
P.O. Box 1972, Midland, Texas 79702

Well Location
Unit Letter B : 990 Feet From The North Line and 1650 Feet From The East Line
Section 5 Township 8S Range 27E NMPM Chaves County

Elevation (Show whether DF, RKB, RT, GR, etc.)
4005

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
TEMPORARILY ABANDON CHANGE PLANS
PULL OR ALTER CASING
OTHER:

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
CASING TEST AND CEMENT JOB
OTHER:

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- 8-19-02 Run special packer on 2 3/8" tubing. Packer will pack off hole in casing @ 285' using 3" line pipe and 2 ends the pack off at both ends of 3".
- 8-20-02 Run 1 1/2" pump.
- 8-26-02 Move in pumpjack and hang well on
- 9-9-02 Well test show well making 3/4 BO and 4 BW a day.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Bookkeeper DATE 10-24-2002

TYPE OR PRINT NAME John E. Nichols TELEPHONE NO. 915-697-1576

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

NEFF #3 REMEDIAL REPORT

- 6-18-91 FL WITH ECHOMETER @ 27 JTS (') FROM SURFACE
RU PULLING UNIT AND PULL RODS AND PUMP THEN PICKUP
1 JT AND TAG BOTTOM @ 1976.34' FROM SURFACE. STRAP
OUT OF HOLE AND FOUND THE SN SET AT 1964.49'.
LITTLE GYP ON BOTTOM JT.
- 6-19-91 RU wireline unit and tagged bottom of hole @ 1972'.
With new information calculate SN @ 1960'.
- 6-11-02 RU Wilson PU run tubing with 2 3/8" X 4 1/2"
tension packer to 1867'.
- 6-12-02 Set packer and pull 11000# over tubing weight.
- 6-14-02 Move in Quintuplex pump and fill back side with
water and pressure casing to 500 PSI it bleed to
460 PSI in 30 min. Wait to call OCD.
- 6-17-02 Move Wilson PU and Quintuplex pump to SS#3 to
squeeze and drill out well.