New Mexico Oil Conservation Division

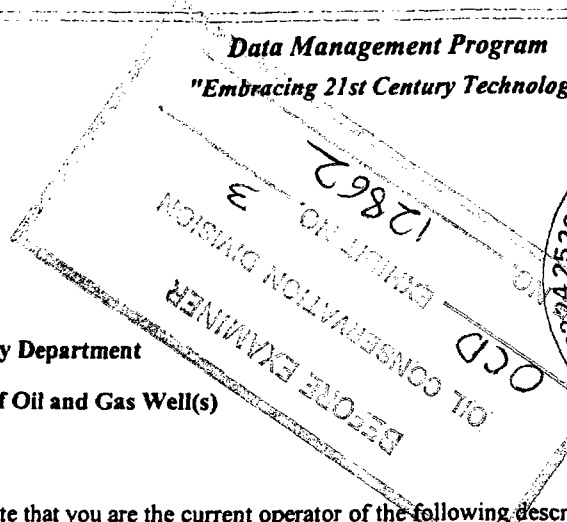
Energy, Minerals and Natural Resources Department

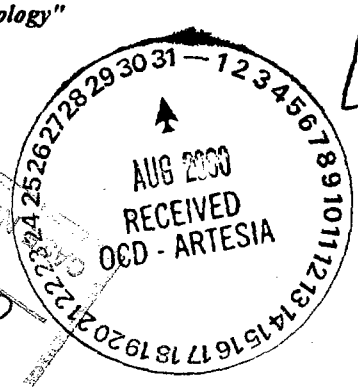
811 South First Street, Artesia, NM 88210

2040 South Pacheco, Santa Fe, New Mexico 87505

Data Management Program

"Embracing 21st Century Technology"





11-May-00

OGRID 15488

N DALE NICHOLS
PO BOX 1972
MIDLAND TX 79702-

Attention: Regulatory Department

Re: Current Status of Oil and Gas Well(s)

Dear Sirs:

Division records indicate that you are the current operator of the following described oil or gas wells(s) in New Mexico. Upon review of our records, apparently there has been a continuous, minimum one year period in which production volumes greater than zero have not been reported or, no report has been sent to the Division on Form C-115 as required by Division Rule 1115.

In an attempt to update our records and ascertain the nature of the non-reporting, the Division requests that you supply the following information:

1. Is your company the current operator of these oil or gas well(s)?

2. Are these well(s) active and currently being produced? If not, have the well(s) been temporarily abandoned, converted to injection, etc., and the proper paperwork filed with the appropriate District Office?

3. Are the produced volumes being reported to the Division on Form C-115?*

4. If the well(s) are not currently being produced, does your company plan to reinstitute production operations on these well(s) in the near future?

If the subject well(s) have been shut-in longer than one (1) year and/or in a non-reporting status, the Division will require the well(s) to be brought into compliance with the Oil Conservation Division Rules and Regulations.

Please direct a copy of this letter with the provided response areas completed within 45 days to the Artesia District Office.

If you should have any questions, please contact Ms. Carmen Reno at 505-748-1283 (x-n/a) at the Artesia District Office.

*If the nature of the problem is reporting, we will contact your representative _____ (name) at (____) _____ - _____ (area code/number).

Your cooperation is apprcciated,

New Mexico Oil Conservation Division Staff

Responses should only correct wrong information. If all data indicated is correct for a particular well, no response entries should be made on that line. If all information is correct, please initial here _____ and return a copy of this letter in its entirety. The following are ONGARD codes for Well Type:

Valid Well Types: O = Oil, G = Gas, I = Injection, S = Salt Water Disposal, M = Miscellaneous

(Please refer to Rules 201, 202 and 203 for definitions of proper P and A and TA procedures.)

**For the purpose of this letter, "Inactive" is defined as 1) no production reports, 2) a prolonged period of reporting 0 [zero] production or, 3) a prolonged period of the well being shut-in.

AVALANCHE JOURNAL S

Well No.	API Number	Location	Well Type	Years Inactive**
001	30005104630000	F 4 8S 27E	O	6+

Response: Current Operator? ☒ Yes ☐ No Our records indicate the Current Type to be: O 8/13/2000

Well is Producing ☐ TA'd? ☐ Plugged? ☐ Shut-In? ☒ Convert to Inj/SWD ☐ Date of Action Checked

See Attached Note # 1

915-682-5621

004	30005104710000	K 4 8S 27E	O	6+	

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 /2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Attached Note # 2

006	30005104880000	L 4 8S 27E	O	2	

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 /2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Attached Note # 3

J KYLE

Well No.	API Number	Location	Well Type	Years Inactive**
001	30005631700000	C 26 7S 28E	G	6+

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 /2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 4

LEWIS NEFF

Well No.	API Number	Location	Well Type	Years Inactive**
002	30005002230000	I 32 7S 27E	O	4

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 / 2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 5

004	30005002240000	O 32 7S 27E	O	3	

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 / 2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Attached Note # 6

003	30005104320000	P 32 7S 27E	O	6+	

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 /2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Attached Note # 7

LYNX

Well No.	API Number	Location	Well Type	Years Inactive**
001	30005621600000	G 19 8S 29E	G	6+

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: G 8 /13 / 2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 8

STANDARD STATE

Well No.	API Number	Location	Well Type	Years Inactive**
003	30005104290000	2 5 8S 27E	O	5

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 / 2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 9

007	30005627850000	2 5 8S 27E	O	5	

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 /2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 10

006Y	30005105130000	G 5 8S 27E	O	6+	

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 /2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 11

STATE A

Well No.	API Number	Location	Well Type	Years Inactive**
003	30005002330000	A 7 8 S 27 E	O	1

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 /2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 12

Well No.	API Number	Location	Well Type	Years Inactive**
001	30005002310000	B 7 8 S 27 E	O	6+

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 / 2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 13

Well No.	API Number	Location	Well Type	Years Inactive**
002	30005002320000	P 7 8 S 27 E	O	3

Response: Current Operator? [X] Yes [ ] No Our records indicate the Current Type to be: 0 8 /13 /2000

Well is Producing [ ] TA'd? [ ] Plugged? [ ] Shut-In? [X] Convert to Inj/SWD [ ] Date of Action Checked

See Atached Note # 14

Notes and Possible Procedures
Attached to "Current Status of Oil and Gas Well(s)"
N. Dale Nichols

Note # 1 Avalanche Journal S Well # 1

This well was Shut-In in about 1969 by the previous Operator. We cleaned out, acidized with 1500 gallons acid and tested the well in 1997. Well non-commercial, holding for possible SWD well, (see Note # 6 below).

Note # 2 Avalanche Journal S Well # 4

This well was Shut-In in about 1970 with tubing stuck with gyp scale. In 1998 we attempted to free tubing with chemicals but was unsuccessful. Have formulated plans to cut the tubing and wash over to recover all tubing and place well on production, after we have cleared some title problems.

Note # 3 Avalanche Journal S Well # 6

This well was reworked in 1996, acidized and placed on production at about 2 BOPD. Later in about 1998 the tubing became stuck with gyp scale. Efforts to free the tubing with chemical failed. We plan to cut the tubing and wash over and recover all the tubing and place well back on production.

Note # 4 J. Kyle # 1

Well drilled in 1998 was non-commercial due to channeling of fracture treatment. Possibilities are either to drill a horizontal lateral, convert to SWD or P&A. Decisions will be delayed due to marketing gas from this field. Shoreham Pipeline shut down April 1, 2000 leaving us with no market. We have since connected to Dynegy Mainstream Services (Warren Petroleum) but are not able to get into their line due to high pressures. We are currently installing compression to deliver this gas to them.

Note # 5 Lewis Neff Well # 2

This well, it has been reported, was Shut-In in about 1967 due to excessive GOR, by a previous operator. Our plans are to test the well soon and petition the OCD for a permit to inject the gas into Neff well # 3 (see Note # 7 below).

Note # 6 Lewis Neff Well # 4

This well was Shut-In due to low oil production, high water production due to water breakthrough from offsetting SWD well, and low oil price. Possibilities include converting the Avalanche Journal Well # 1, (see Note # 1 above) to SWD and place this well back on producing status.

Note # 7 Lewis Neff Well # 3

Well Shut-In due to low production and low oil price, Plan to use as a gas injection well (see Note # 5 above).

Note # 8 Lynx Well # 1

Well Shut-In as deep zone is depleted. Operator of the shallow San Andres has shown interest in this well for his operation.

Note # 9 Standard State Well # 3

This well Shut-In by previous operator. Current plans include perforating lower in the P-1 zone, treat and test.

Note # 10 Standard State Well # 7

This well Shut-In by previous operator. Current plans include perforating lower in the P-1 zone, treat and test.

Note # 11 Standard State # 6Y

This well was Shut-In by a previous operator after reportedly shooting the P-1 zone with Nitro. Subsequently the well made only water. The well should have a P-1 oil section. Plans are being formulated for a possible work over.

Note # 12 State "A" Well # 3

This well was Shut-In by previous operator after deepening through the P-3 zone. Work over possibilities exist to plug back to the P-1 zone, treat and test.

Note # 13 State "A" Well # 1

This well was cleaned out and treated in 1998 and Shut-In due to low oil price and low oil production. We have current plans to place well back on production.

Note # 14 State "A" Well # 2

This well was Shut-In due to low oil price and low production. We have current plans to place the well back on production.

N. Dale Nichols