

PRODUCTION FROM BELOW LISTED WELLS 1997 - PRESENT

OGRID CODE OPERATOR	WELL NAME	API	USSTR	UL	PROD YEAR	PROD MTH	GAS	OIL	WATER	INT
10882 I T PROPERTIES	DHY STATE B #C01	30-015-21971	L-11-19S-263	L	1997	10				
					1997	11				
					1997	12				
					1998	1				
					1998	2				
					1998	3				
					1998	4				
					1998	5				
					1998	9				
					1998	10				
					1998	11				
					1998	12				
					1999	1				
					1999	2				
					1999	3				
					1999	4				
					1999	5				
					1999	6				
					1999	7				
					1999	8				
					1999	9				
					1999	10				
					1999	11				
					1999	12				
					2000	1				
					2000	2				
					2000	3				
					2000	4				
					2000	5				
					2000	6				
					2000	7				
					2000	8				
					2000	9				
					2000	10				
					2000	12				
					2001	1				
					2001	2				
					2001	3				
					2001	4				
					2001	5				
					2001	6				
					2001	7				
					2001	8				
					2001	9				
					2001	10				
					2001	11				
					2001	12				
					2002	1				
					2002	2				
					2002	3				

As of July 30, 2003
 If month and year appear with no amounts, zero volumes
 were reported.

[illegible]

As of July 30, 2003
If month and year appear with no amounts, zero volumes
were reported.

OGRID	CODE OPERATOR	WELL NAME	API	ULSTR	OCD	PROD	PROD	GAS	OIL	WATER	INJ
					UL	YEAR	MTH				
10882	I T PROPERTIES	SIEGREST STATE #001	30-015-23119	H-25-19S-23E	H	2000	10				
						2001	12				
						2002	1				
						2002	2				
						2002	3				
						2002	4				
						2002	5				
						2002	6				
						2002	7				
						2002	8				
						2002	9				
						2002	10				
						2002	11				
						2002	12				
						2003	1				
						2003	2				
						2003	3				
						2003	4				
						2003	5				
			30-015-23119								
								662			

As of July 30, 2003
If month and year appear with no amounts, zero volumes
were reported.

Well Selection Criteria Quick Print

(opno = 10882)

API Well #	Well Name and No.	Operator Name	Typ	Stat	County	Surf	UL	Se	Twp	Rn	Flt/N/S	Flt/E/W	UICPrnt
30-015-21971-00-00	DHY STATE B	IT PROPERTIES	G	A	Eddy	S	L	11	19 S	28 E	1980 S	990 W	
30-015-23119-00-00	SIEGREEST STATE	IT PROPERTIES	G	A	Eddy	S	H	25	19 S	23 E	1980 N	990 E	

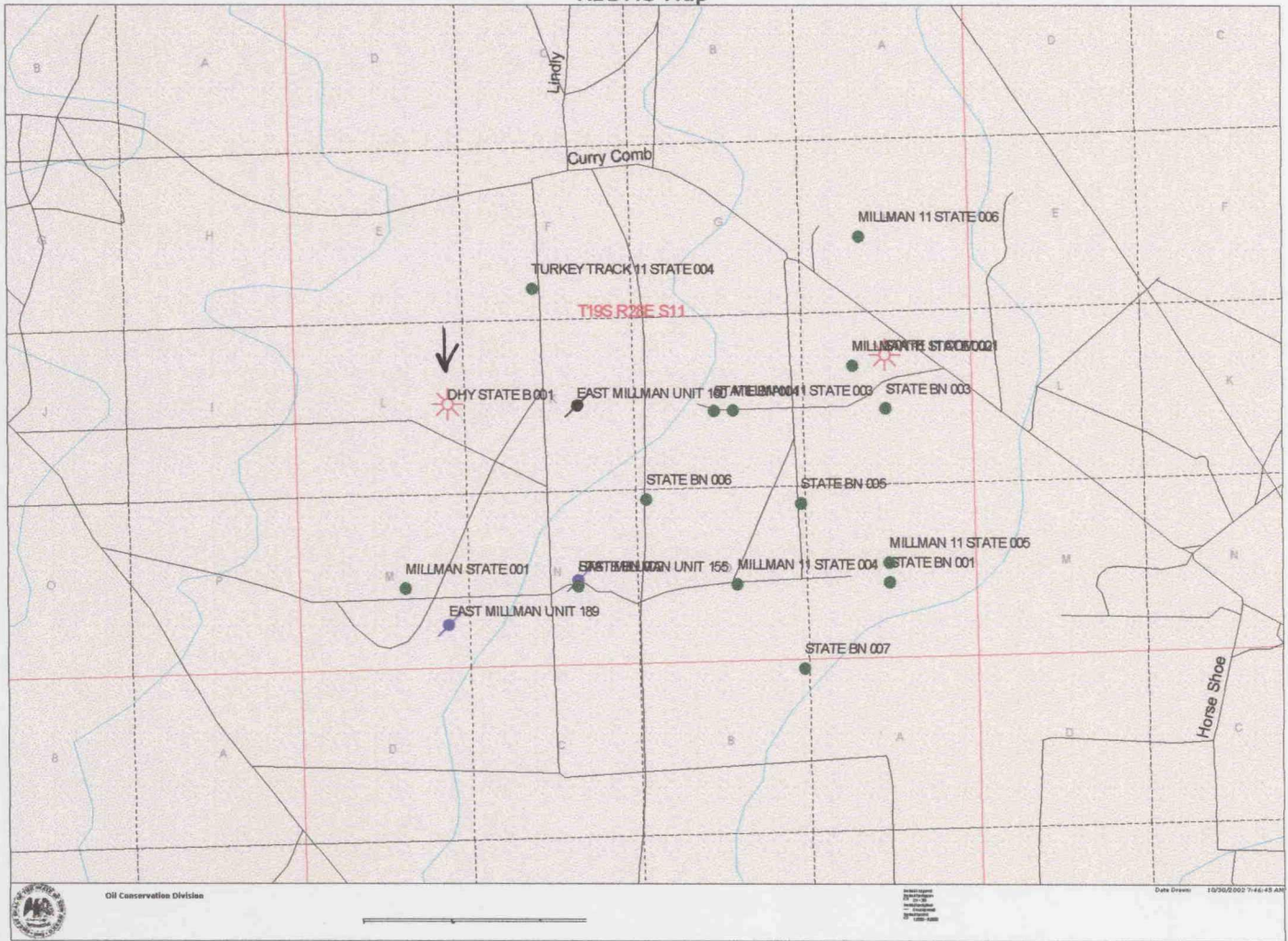
Gerry,

Please visit these wells and check the status. Please take pictures and give me a copy of your trip report.

Thanks,

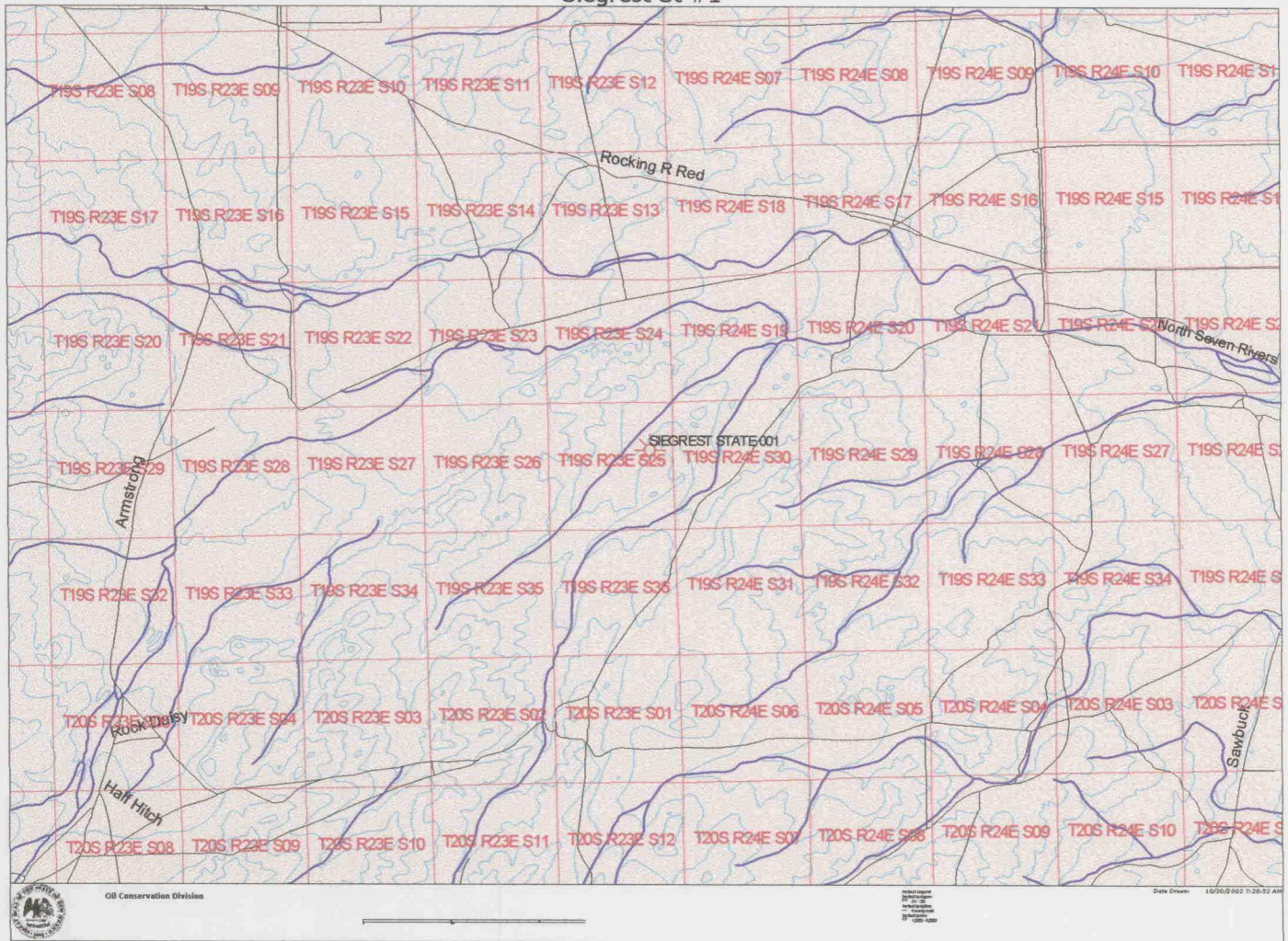
Van

RBDMS Map



32.67349
104.15145

Siegest St #1



32.63350
104.63902







OCT 30 2002



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

RECEIVED

OCT 28 2002

**OIL CONSERVATION
DIVISION**

23 October 2002

RE: DHY State Well # 1 30-015-21638 F-23-19-28 CASE # 12459

David,

An inspection was made on this location 10-22-02. It was found no work had been done.

Respectfully,

Van Barton

Field Rep.II

Signed June 21

Insp'l
Location Oct 21, 2002

23. On December 5, 2001, I.T. Properties filed with the Division's Santa Fe office an application for down-hole commingling of gas from the Wolfcamp and Morrow formations in the subject well. This application was returned as incomplete on December 20, 2001.

24. The Division's Artesia District Office does not oppose restoration of the subject well to production in the manner proposed by I.T. Properties, provided that I.T. Properties complies with any conditions required by the Division Director, upon the recommendation of a Division hearing examiner. The Division's Artesia district office and I.T. Properties are not now in agreement on the conditions that should be required, but both parties agree to submit this issue at the Division level.

25. I.T. Properties agrees that if its proposed procedure is not authorized, or proves not to be feasible, then it will cause the subject well to be plugged and abandoned.

IT IS THEREFORE ORDERED:

1. Pursuant to the Application of the Division, I.T. Properties of Arlington, Texas, is hereby ordered, no later than one hundred twenty (120) days from the date of this order, to plug and abandon the DHY State Well No. 1 (API No. 30-015-21638) located 1980 feet from the North and West lines (Unit F) of Section 23, Township 19 South, Range 28 East, NMPM, Eddy county, New Mexico, **unless**, within that period of time:

- a. The Division Director enters an order, after notice and hearing, authorizing I.T. Properties to down-hole commingle gas production from the Wolfcamp and Morrow formations in the subject well, as proposed by I.T. Properties, or amending Order No. R-5184 to permit the isolation of the Wolfcamp and Morrow zone by a packer set immediately below the Wolfcamp perforations.
- b. I.T. Properties complies with all terms and conditions of the order of the Division Director so-entered, and files a form C-104 (Request for Allowable and Authorization to Transport Gas) from the subject well, and secures approval thereof by the Supervisor of the Artesia District office of the Division.

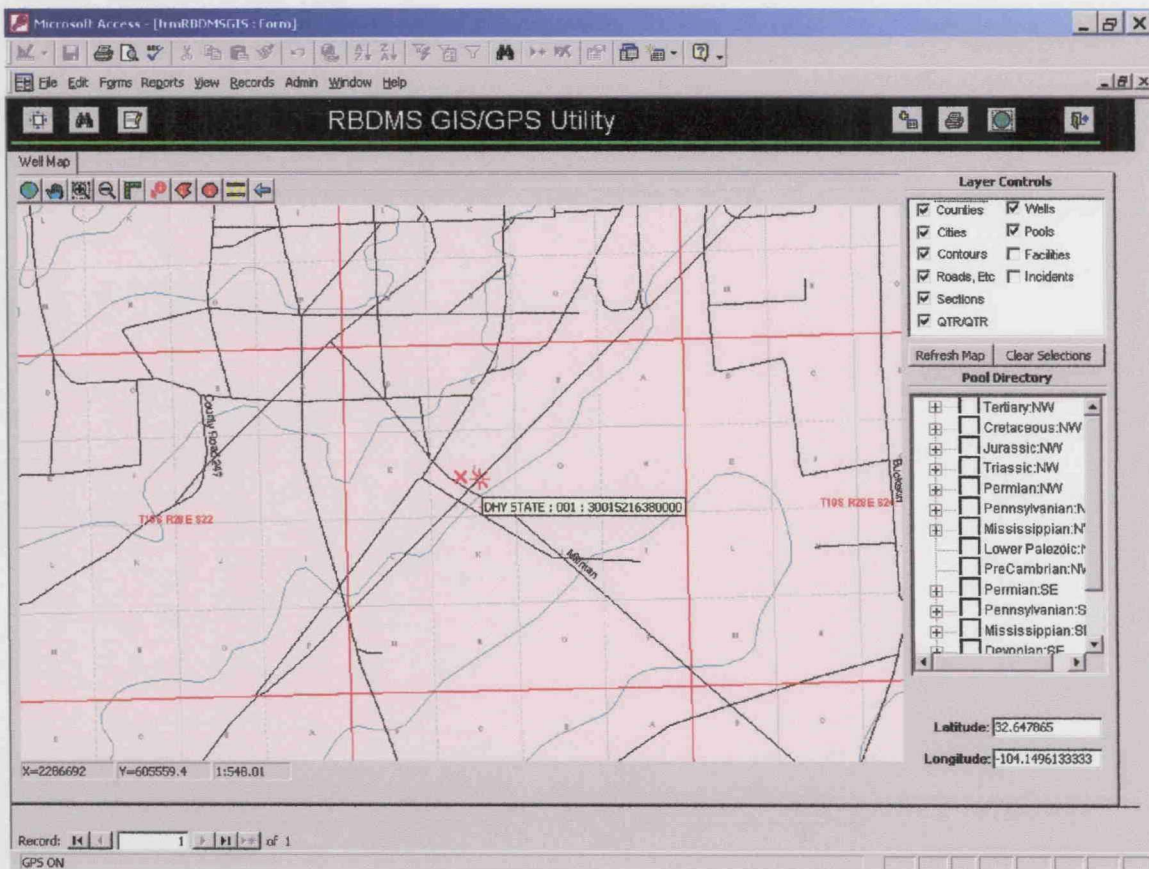
2. If the Division Director enters an Order denying I.T. Properties' Application for Down-Hole Commingling in the subject well, or imposing conditions unacceptable to I.T. Properties, and I.T. Properties files a timely request for *de novo* review of such Division Order, such request shall be consolidated with the case, and this case shall be re-opened. If I.T. Properties fails to file a timely request for *de novo* review of such Division Order, this Order shall remain in full force and effect.





OCT 22 2002





Brooks, David K

From: Stubblefield, Mike
Sent: Thursday, October 24, 2002 9:46 AM
To: Brooks, David K
Subject: RE: IT Properties

Good morning David,

As of 10/24/2002 Artesia O.C.D. has received no response from I.T. Properties in actions taken to restore the DHY State #1 to production or to Plug the DHY State #1.
Van Barton mailed a packet to you yesterday with photos of the DHY State #1 Taken on last inspection date of 10/22/2002.

Have a great Day,

Mike S.

-----Original Message-----

From: Brooks, David K
Sent: Wednesday, October 23, 2002 8:14 AM
To: Stubblefield, Mike
Subject: IT Properties

Mike:

October 19 (last Friday) was the deadline given IT Properties under the Commission's order, to plug or restore to production the DHY State No. 1.

Have they done anything?

DB



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

RECEIVED

Lori Wrotenbery

Director

Oil Conservation Division

NOV 6 2002

**OIL CONSERVATION
DIVISION**

31 October 2002

RE: I. T. Properties

Siegreest State # 1

30-015-23119

H-25-19-23

DHY State B # 1

30-015-21971

L-11-19-28

Dear Mr. Brooks,

Tim wanted me to send this to you on the other two wells that I. T. Properties have. They are both inactive. Tim wants to set them for a P&A hearing. I am assuming that you received the other information I sent you on the DHY State # 1 (30-015-21638) where they did not comply with Order No. R-11520-A.

Respectfully,
Van Barton
Field Rep.II

Daily Field Trip Report

Inspector: Gerry Guye
Trip Date: 10/30/2002

Depart: 8:00:00 AM
Return: 2:30:00 PM
Total Field Time: 06:30

Beginning Miles: 59,924
Ending Miles: 60,078
Total Miles: 154

Vehicle Number: 43973

Additional Activities:

Time Performed	Elapsed Time	API Well No	Well Name and Number	Operator	MIT	Purpose	Well Type	Status	UIC?
08:06:12 AM	00:06:12 (hrs)	30-015-23119-00-00	SIEGREST STATE 001	IT PROPERTIES	Viol	H	25 19 S 23 E	A	
Comments: No activity visible to indicate well is being returned to compliance.									
Photos									
08:08:03 AM	00:01:51 (hrs)	30-015-21971-00-00	DHY STATE B 001	IT PROPERTIES	No	L	11 19 S 28 E	A	
Comments: No activity visible to indicate well is being returned to compliance.									
Photo									
				Compliance Verification	No		Gas (Producing)		

Summary for Trip Date: 10/30/2002 (2 Inspection records)

Total Hours: 00:08:03 **Total Non-UIC Hours:** 00:08:03 **Total UIC Hours:** 00:00:00



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery

Director
Oil Conservation Division

June 13, 2002

Via Facsimile and First Class Mail

Paul R. Owen
Montgomery & Andrews PA
P.O. Box 2307
Santa Fe, New Mexico 87504-2307

David K. Brooks
Energy, Minerals & Natural Resources Department
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Case 12459: *De Novo*. Application of the Oil Conservation Division for an order requiring I. T. Properties to properly plug one well, Eddy County, New Mexico.

Dear Counsel,

I would like to conduct a short telephonic pre-hearing conference in this matter on Monday, June 17 at 10 am. I will originate the conference from my office on a conference telephone with Mr. Brooks present.

Would you please be prepared to briefly discuss the substance of the presentation you intend to make to the Commission, the number of witnesses you expect to call, the exhibits you intend to introduce, the time required for your presentation, the probability of settlement or continuance, and other relevant matters.

If you are unavailable Monday at 10, please give me a call and we'll try to find a better time.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Ross".

Stephen C. Ross
Assistant General Counsel



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

5/27/2002

(copy)

I.T. PROPERTIES
ATT: WENDELL CHEN
3502 YACHCLUB CT., SUITE 100
ARLINGTON, TX 76106

RE: 30-015-21638 F-23-19s-28e DHY STATE #1

DEAR MR. CHEN,

I WAS INFORMED ON OUR PHONE CONVERSATION DATED 5/23/2002.
THAT YOU HAVE MOVED A PACKER SET IN THE DHY STATE #1 AT 4050'
DOWN TO 8700'. AND ARE CURRENTLY LOADING THE CASING/TUBING
ANNULUS WITH WATER IN PREPERATION OF AND MIT TEST TO BE RAN
ON THE DHY STATE #1 PROVING THE INTERGRITY OF THE 5.5" CASING
IN THE WELLBORE FROM 8700' TO SURFACE.
BEFORE THE MIT TEST TO BE RAN ON THE DHY STATE #1 IS APPROVED THE PACKER
SETTING DEPTH OF 8700' MUST BE VERIFIED BY A METHOD APPROVED BY O.C.D.

I WAS ALSO INFORMED THAT YOUR INTENTIONS WERE THEN TO LOWER THE
PACKER DOWN TO 9000" AND SWAB AND THEN PRODUCE THE MORROW FORMATION
THOUGH THE PACKER SET AT 9000'.
I HAVE REVIEWED R-ORDER NUM. 5184 WHICH GIVES THE DHY STATE #1
AUTHORITY TO PRODUCE AS A DUAL GAS COMPLETION.

R-ORDER NUM. 5184 STATES THAT THE APPLICANT. DEPCO, INC., IS HEREBY
AUTHORIZED TO COMPLETE ITS DHY STATE WELL #1, LOCATED IN UT F-SEC. 23-19s-28e
EDDY COUNTY, NEW MEX, AS A DUAL COMPLETION (CONVENTIONAL) TO PRODUCE
OIL FROM THE WOLFCAMP FORMATION AND GAS FROM THE MORROW FORMATION
THROUGH TUBING AND THOUGH CASING-TUBING ANNULUS, RESPECTIVELY BY
MEANS OF A CROSS OVER ASSEMBLY, WITH SEPERATION OF THE ZONES ACHIEVED
BY A MEANS OF PACKERS SET AT APPROXIMATELY 8,818' FEET AND 10,985 FEET.

A C-103 SUBSEQUENT REPORT OF REPAIR ACTIONS TAKEN ON THE DHY STATE #1
RECEIVED BY O.C.D. ON FEBUARY 14, 2002 SHOWS THE TOP OF THE 2.375" TUBING LEFT
IN THE WELLBORE TO BE AT 9000'.

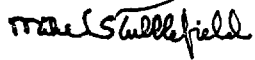
A PRODUCTION PACKER SET AT 9000' WILL NOT COMPLY WITH R-ORDER 5184.

PLEASE TAKE ACTIONS TO BRING THE DHY STATE #1 INTO COMPLIANCE WITH R-ORDER 5184 AND RULE 112-A WITH-IN THIRTY DAYS FROM THE DATE OF THIS LETTER.

NOTIFY O.C.D. TO WITNESS ANY REPAIR ACTIONS OR WELL TESTS TO BE TAKEN ON THE DHY STATE #1.

IF YOU HAVE ANY QUESTIONS OR I CAN BE OF ASSISTANCE PLEASE DO NOT HESITATE TO CALL ME. MY PHONE NUMBER IS 505-748-1283.

SINCERELY,

A handwritten signature in black ink that reads "Mike Stubblefield". The signature is written in a cursive, slightly slanted style.

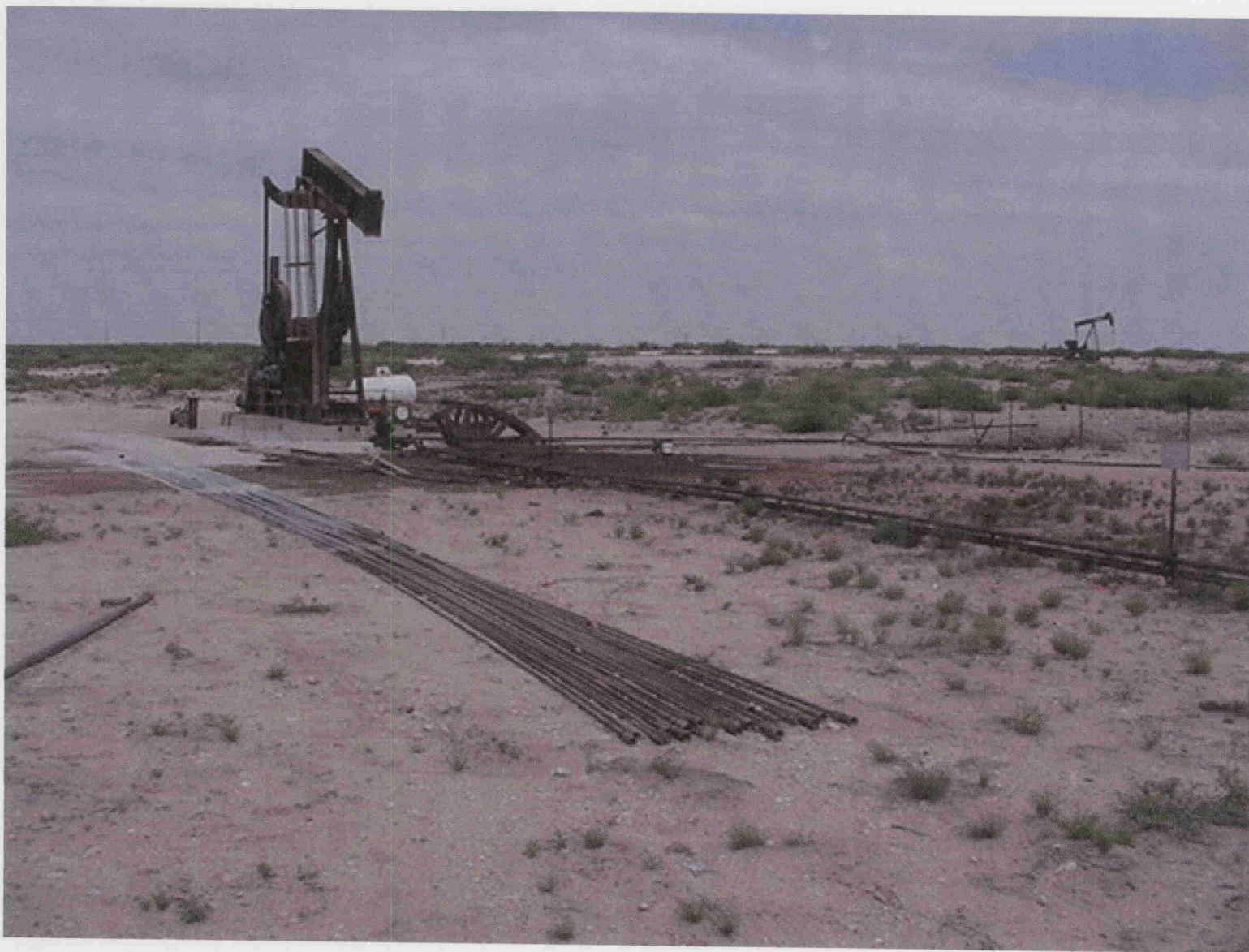
MIKE STUBBLEFIELD

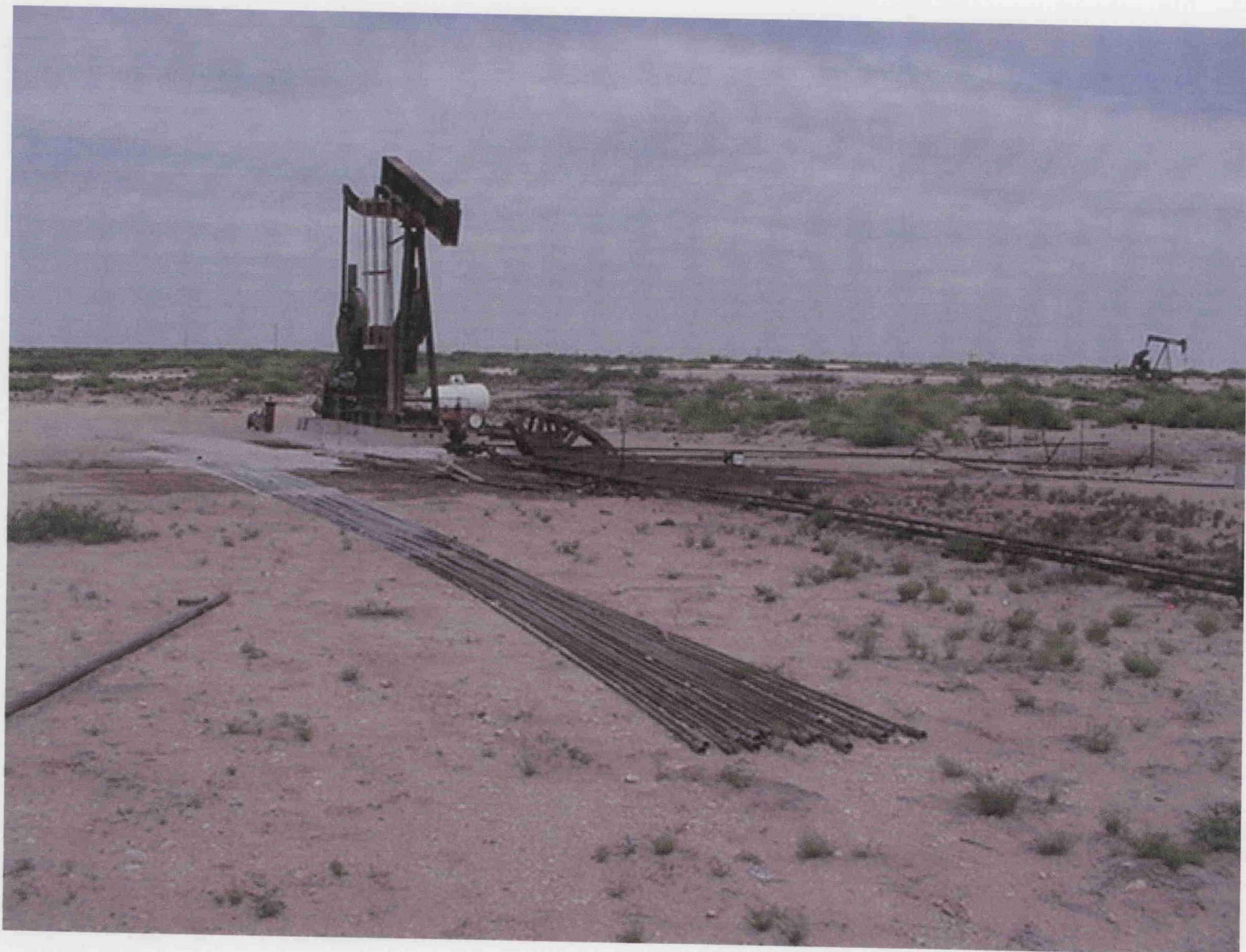
ENVIR. ENG. SPEC.

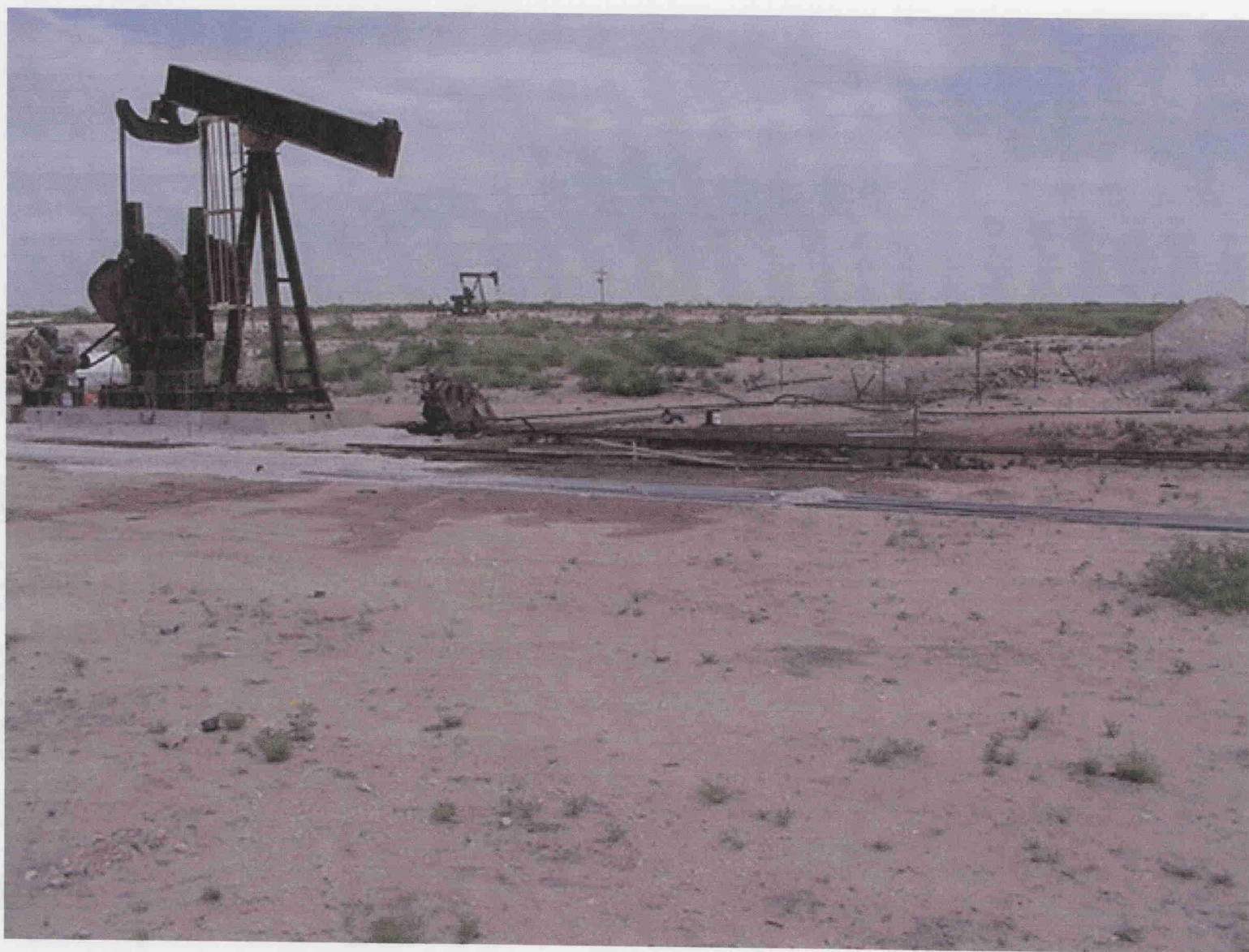
N.M.O.C.D.

CC: MR. PAUL OWENS
MR. DAVID BROOKS













Brooks, David K

From: Stubblefield, Mike
Sent: Friday, May 17, 2002 3:33 PM
To: Brooks, David K
Subject: ADDITION INFORMATION 30-015-21638 I.T.PROPERTIES DHY STATE #1

DAVID,

I INSPECTED THE DHY STATE #1 ON THURSDAY 5/16/2002 AND FOUND THAT I.T. PROPERTIES HAS SET A PUMPING UNIT ON THE DHY STATE #1. TODAY I REINSPECTED THE DHY STATE #1 AND TOOK PHOTOS OF THE PUMPING UNIT. THE WELL WAS SHUT-IN. TUBING WAS IN THE WELL BORE AND RODS WERE SETTING NEXT TO THE WELL. THERE WAS OIL AND WATER IN THE SURFACE PIT AT THE DHY STATE #1 AND A BOTTLE OF WATER & OIL SETTING NEXT TO THE WELL WHICH MAY HAVE BEEN TAKEN FROM SWAB TEST RAN ON THE DHY STATE #1. THERE WAS ALSO A LARGE OIL SPILL NEAR THE WELL THAT MIGHT HAVE BEEN A RESULT OF SWAB TESTING THE WELL.

THERE HAVE BEEN NO INTENT FORMS FILED TO O.C.D.FROM I.T. PROPERTIES TO CONVERT THE DHY STATE #1 FROM A DUAL COMPLETION GAS WELL TO A OIL PRODUCING WELL.

I HAVE ATTACHED THE PHOTO'S TAKEN ON MY FIELD INSPECTION DATED 5/17/2002 AND WILL SENT YOU A COPY OF MY FIELD TRIPS DATED 5/16/2002 & 5/17/2002.

MIKE S.



MVC-001F.JPG



MVC-002F.JPG



MVC-003F.JPG



MVC-004F.JPG



MVC-005F.JPG



MVC-006F.JPG

FAX COVER SHEET

OIL CONSERVATION DIVISON
1301 W. GRAND AVE
ARTESIA, NM 88210

PHONE (505-748-1283
FAX (505-748-9720

Date 5/17/2002

TO: David Brooks 700-476-3462

FROM: mike Stubblefield

NUMBER OF PAGES 3 (INCLUDING COVER SHEET)

MESSAGE _____

Friday, May 17, 2002

Daily Field Trip Report

Page 1

Inspector: Mike Subblefield

Trip Date: 05/16/2002

Depart: 10:30:00 AM

Returns: 2:30:00 PM

Total Field Time: 04:00

Beginning Miles: 60,486

Ending Miles: 60,661

Total Miles: 175

Vehicle Number:

Additional Activities:

Time Performed Elapsed Time API Well No

Well Name and Number

Inspection Type Viol Operator MTT Pass/Fail Purpose ULSR Well Type Status UIC:

03:25:31 PM 04:55:31 (hrs) 30-015-25522-00-00 WALTER SOLT STATE 001
Comments: INSPECTED SWD WITH NEW STORAGE FACILITY FOR STATUS OF ACTIONS TAKEN TO CLOSE PLJOR FACILITY STORAGE AREA. OPEARATOR HAS REMOVED SOILS STOCKPILED ON LOCATION.

03:28:15 PM 00:02:44 (hrs) 30-015-01594-00-00 DELHI B STATE 002
Comments: INSPECTED PRODUCING OIL WELL AND TANK BATTERY FOR STATUS OF REMEDITAION ACTIONS TAKEN ON REPORTED 165 BBL OIL SPILL. SPILL AREA WAS LOCATED IN FRONT ON THE TANK BATTERY ON PAD AND DOWN ROADWAY TO EAST OF TANK BATTERY. OPERATOR HAS PLACED DIRT ON SPILL AREA. WILL SEND LETTER TO OPERATOR.

03:32:14 PM 00:03:59 (hrs) 30-015-21638-00-00 DHY STATE 001
Comments: INSPECTED SHUT-IN GAS WELL AND TANK BATTERY. OPERATOR HAS SET A PUMPJACK OVER THE WELL ON A CEMENT PAD. RODS LAYING NEXT TO PUMPIACK ON GROUND. THERE IS HYDROCARBON STAINING NEAR THE PUMPING UNIT. THE SURFACE PIT HAS WHAT APPEARS TO BE OIL AND PRODUCED WATER IN IT. A BOTTLE CONTAINING WHAT APPEARS TO BE OIL AND PRODUCED WATER IS SETTING NEXT TO THE WELL HEAD.

Routine/Periodic No Mack Energy Corp Routine/Periodic No IT PROPERTIES Routine/Periodic No Gas (Producing)

Summary for Trip Date: 05/16/2002 (3 Inspection records)

Total Hours: 05:02:14 Total Non-UIC Hours: 00:06:43 Total UIC Hours: 04:55:31

FRA NO. 15051458720

P. 02

Friday, May 17, 2002

Daily Field Trip Report

Page 1

Inspector: Mike Stubblefield
Trip Date: 05/17/2002

Depart: 9:30:00 AM
Return: 12:00:00 PM
Total Field Time: 02:30

Beginning Miles: 60.662
Ending Miles: 60.716
Total Miles: 54

Vehicle Number:

Additional Activities:

Time Performed Elapsed Time API Well No Well Name and Number

03:46:06 PM 06:16:06 (hrs) 30-015-21638-00-00 DHY STATE 001

Comments: INSPECTED WELL LOCATION AND TOOK PHOTOS. TIM GUM WAS WITH ME ON TODAY'S FIELD INSPECTION.

03:48:56 PM 00:02:50 (hrs) 30-015-21971-00-00 DHY STATE B 001

Comments: INSPECTED SHUT-IN OIL WELL AND RELATED FACILITY. THE PUMPJACK APPEARS TO HAVE BE MOVED OFF THE WELL. THERE IS A WORKOVER PIT CONTAINING OIL AND WATERS . PIT NOT FENCED OR NETTED. THERE IS AND UNREPORTED OIL SPILL COMING FROM A STOCK TANK ON LOCATION AND RUNNING OFF THE WELL LOCATION TO THE EAST INTO PASTURE. TOOK PHOTOS OF LOCATION.

Inspection Type	Operator	Viol	Pass/Fail	MIT	Purpose	Well Type	Status	UIC?
17 PROPERTIES					F	23 19 S 28 E		
Routine/Periodic	No					Gas (Producing)	A	
17 PROPERTIES					L	11 19 S 28 E		
Routine/Periodic	No					Gas (Producing)	A	

Summary for Trip Date: 05/17/2002 (2 Inspection records)

Total Hours: 06:18:56	Total Non-UIC Hours: 06:18:56	Total UIC Hours: 00:00:00
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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

March 25, 2002

Lori Wrotenbery
Director
Oil Conservation Division

New Mexico Oil Conservation Commission
Attn: Hon. Lori Wrotenbery, Chair
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Case No. 12459; I.T. Properties

Ladies and Gentlemen:

The captioned case is set for hearing on March 26, 2002.

As indicated by the attached copy of letter from Mike Stubblefield, it appears that, although the well that is the subject of this case has been reworked, it is not yet in compliance with OCD rules in Mr. Stubblefield's view. The operator has been notified of the District's requirements, and will presumably proceed to comply.

Accordingly, I request one more continuance of this case to the next Commission docket.

Very truly yours,

David K. Brooks
Assistant General Counsel

ec: Mr. Steven C. Ross, OCC

cc: Mr. Paul R. Owen
Montgomery & Andrews
Box 2307
Santa Fe, NM 87204-2307



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

7001 1940 0001 9971 2450

3/11/2002

I.T. PROPERTIES
3502 YACHCLUB CT.
ATT: WENDELL CHEN
ARLINGTON, TX 76106

RE: 30-015-21638 F-23-19s-28e DHY STATE #1

DEAR MR. WENDELL CHEN,

O.C.D. HAS WITNESSED AND APPROVED THE M.I.T. RAN 3/7/2002 ON THE DHY ST. #1
5.5" CASING STRING. THE TESTED SECTION OF THE 5.5" CASING WAS FROM A PACKER SET
AT 4050' TO SURFACE.

THIS DOES NOT COMPLETE REQUIREMENTS AS PER RULE R-203.C.SECTION {A} .
A RETRIEVABLE BRIDGE PLUG OR PACKER WILL BE RUN TO WITH-IN ONE HUNDRED {100}
FEET OF UPPERMOST PERFORATIONS OR PRODUCTION CASING SHOE AND THE CASING LOADED
WITH INERT FLUID AND PRESSURE TESTED TO 500# FOR SQUARE INCH WITH A PRESSURE DROP
NOT GREATER THAN 10% FOR THIRTY {30} MINUTES.

INCLOSED WITH-IN THIS LETTER IS A COPY OF THE WITNESSED MIT TEST CHART FOR YOUR FILE.

PLEASE TAKE ACTIONS TO BRING THE DHY STATE #1 INTO COMPLIANCE WITH RULE R-203.C.
SECTION {A} AND R-ORDER 5184 WITH-IN THIRTY DAYS FROM THE DATE OF THIS LETTER.

SINCERELY,

MIKE STUBBLEFIELD ENVIR. ENG. SPEC.

CC: PAUL R. OWEN, ESQ.
DAVID BROOKS

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289
www.montand.com

March 25, 2002
VIA FACSIMILE

David Brooks, Esq.
New Mexico Department of Energy,
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Order No. R-11520; In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.

Dear Mr. Brooks:

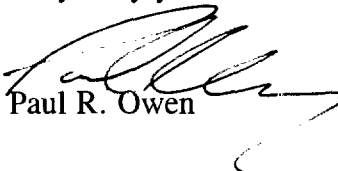
This case is scheduled once again to be heard by the Commission. It is scheduled for tomorrow, March 26, 2002, this Tuesday's docket.

On Thursday, March 21, you and I discussed this matter in your office. You indicated that Mike Stubblefield of the Division's Artesia office had contacted you and asked that the case be continued another month, to the April 26, 2002 docket.

I.T. Properties concurs in the Division's request that this matter be continued to the April 26, 2002 docket. This letter is confirmation of your indication in our March 21 meeting that the matter would be continued to the April 26, 2002 docket.

Please let me know if you have any questions.

Very truly yours,


Paul R. Owen

David Brooks, Esq.
March 25, 2002
Page 2

cc: Mr. Wendell Chen (via facsimile)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

7001 1940 0001 9971 2450

3/11/2002

I.T. PROPERTIES

3502 YACHCLUB CT.

ATT: WENDELL CHEN

ARLINGTON, TX 76106

RE: 30-015-21638 F-23-19s-28e DHY STATE #1

DEAR MR. WENDELL CHEN,

O.C.D. HAS WITNESSED AND APPROVED THE M.I.T. RAN 3/7/2002 ON THE DHY ST. #1
5.5" CASING STRING. THE TESTED SECTION OF THE 5.5" CASING WAS FROM A PACKER SET
AT 4050' TO SURFACE.

THIS DOES NOT COMPLETE REQUIREMENTS AS PER RULE R-203.C.SECTION {A} .
A RETRIEVABLE BRIDGE PLUG OR PACKER WILL BE RUN TO WITH-IN ONE HUNDRED {100}
FEET OF UPPERMOST PERFORATIONS OR PRODUCTION CASING SHOE AND THE CASING LOADED
WITH INERT FLUID AND PRESSURE TESTED TO 500# FOR SQUARE INCH WITH A PRESSURE DROP
NOT GREATER THAN 10% FOR THIRTY {30} MINUTES.

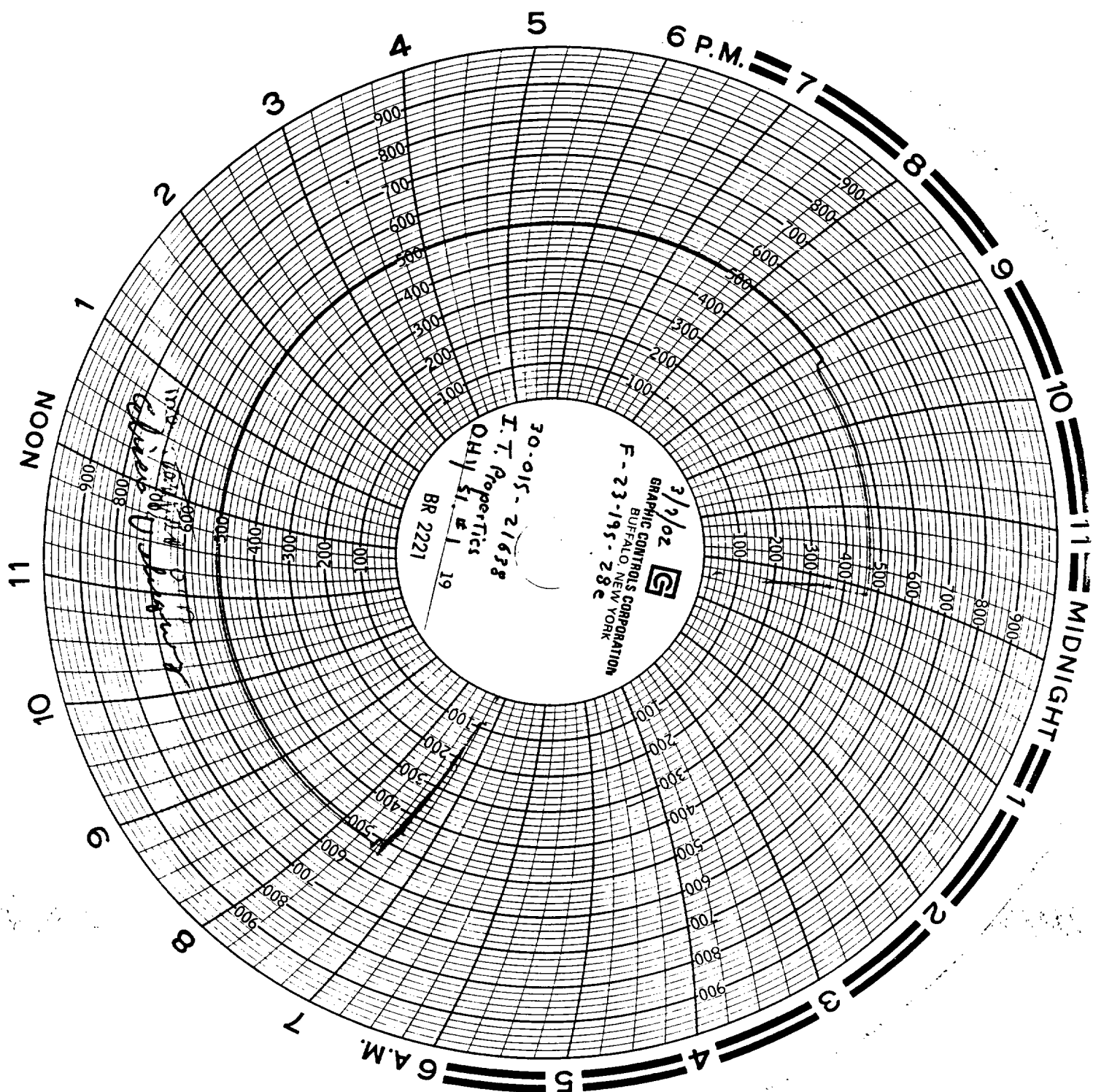
INCLOSED WITH-IN THIS LETTER IS A COPY OF THE WITNESSED MIT TEST CHART FOR YOUR FILE.

PLEASE TAKE ACTIONS TO BRING THE DHY STATE #1 INTO COMPLIANCE WITH RULE R-203.C.
SECTION {A} AND R-ORDER 5184 WITH-IN THIRTY DAYS FROM THE DATE OF THIS LETTER.

SINCERELY,

MIKE STUBBLEFIELD ENVIR. ENG. SPEC.

CC: PAUL R. OWEN, ESQ.
DAVID BROOKS



F-23-195-8c

I.T. Properties

D.R.V. STATE #1

Tops

T. SALT - 950'

B. SALT - 1380'

T. S.A. - 2690'

T. Gloria - 4255'

T. Wolfcamp - 8815'

T. Morrow - 10,810'

12 3/4" casing

417' circ.

8 5/8" casing

2800'

Toc - 541'

temp. survey

= Perfs 8866' - 8902' Wolfcamp.

Top fish 9000'

⊗ Packer 10,982'

= Perfs 11,025' - 47' Morrow

5 1/2" casing

11,553'

Toc

6880' Temp. Survey

Daily Field Trip Report

Inspector: Mike Stubblefield
Trip Date: 03/07/2002

Depart: 8:00:00 AM
Return: 1:00:00 PM
Total Field Time: 05:00

Beginning Miles: 56,838
Ending Miles: 56,894
Total Miles: 56

Vehicle Number:

Additional Activities:

Time Performed	Elapsed Time	API Well No	Well Name and Number	Operator	Inspection Type	Viol	MIT	Purpose	ULSTR	Well Type	Status	UIC?
04:33:26 PM	08:33:26 (hrs)	30-015-21638-00-00	DHY STATE 001	IT PROPERTIES	Routine/Periodic	No		F	23	19 S	28 E	A
Comments: WITNESSED MIT ON 5.5" CASING. TESTED SECTION OF 5.5" CASING WAS FROM A PACKER SET AT 4050' TO SURFACE. TESTED CASING FOR 30 MINUTES AT 500# PSI. LOST 30# TEST APPROVED. WROTE LETTER TO I.T. PROPERTIES STATING RULE 203 SECTION (A) NOT COMPLETED ON WELL. TOP PERFORATION LOCATED AT 8866'.												

Summary for Trip Date: 03/07/2002 (1 Inspection record)

Total Hours: 08:33:26 **Total Non-UIC Hours:** 08:33:26 **Total UIC Hours:** 00:00:00



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

2/14/2002

Cc: 4

I.T. PROPERTIES
3502 YACHTCLUB CT.
ATT: WENDELL CHEN
ARLINGTON, TEXAS 76106

RE: 30-015-21638 F-23-19s-28e DHY STATE #1

DEAR MR. WENDELL CHEN,

O.C.D. HAS RECEIVED THE REQUESTED SUBSEQUENT REPORT ON THE REPAIR
ACTIONS TAKEN ON THE DHY ST. #1 DATED 2/6/2002.

RECEIVED
FEB 19 PM 2:51
OIL CONSERVATION DIV.

PER RULE 112-A.F. SECTION {A} PRIOR TO ACTUAL MULTIPLE COMPLETION OF A WELL,
THE OPERATOR SHALL MAKE A ADEQUATE PRESSURE TESTS OF THE CASING TO
DETERMINE THAT NO CASING LEAKS EXIST. RESULTS SHALL BE REPORTED TO THE
DIVISION ON FORM C-103.

R-112-A.F. SECTION {B} THE WELL SHALL BE COMPLETED AND THEREAFTER
PRODUCED IN SUCH A MANNER THAT THERE WILL BE NO COMMINGLING OF
HYDROCARBONS FROM THE SEPARATE STRATA.

R-112-A.F. SECTION {C} THE OPERATOR SHALL COMMENCE A SEGREGATION TEST
AND/OR PACKER LEAKAGE TEST NOT LATER THAN FIFTEEN {15} DAYS AFTER
MULTIPLE COMPLETION OF THE WELL. SEGREGATION TESTS AND /OR PACKER
LEAKAGE TESTS SHALL ALSO BE MADE ANY TIME THE PACKER IS DISTURBED AND AT
SUCH OTHER INTERVALS AS THE DIVISION MAY PRESCRIBE. THE OPERATOR SHALL
ALSO MAKE ALL TESTS DEEMED NECESSARY BY THE DIVISION.

R-203.C. SECTION {A} A RETRIEVABLE BRIDGE PLUG OR PACKER WILL BE RUN TO
WITHIN ONE HUNDRED {100} FEET OF UPPERMOST PERFORATIONS OR PRODUCTION
CASING SHOE AND THE CASING LOADED WITH INERT FLUID AND PRESSURE TESTED TO
500# PER SQUARE INCH WITH A PRESSURE DROP OF NOT GREATER THAN 10% FOR
THIRTY {30} MINUTES .

THE DHY STATE #1 SHALL COMPLY TO THE ABOVE MENTIONED RULES BEFORE
PRODUCTION IS ALLOWED AND LEGAL ACTIONS TAKEN CAN BE DISMISSED.

IF I YOU HAVE ANY QUESTIONS OR IF I CAN BE OF ASSISTANCE.
PLEASE CALL ME MY PHONE NUMBER IS OFF.505-748-1283.

SINCERELY,

Mike Stubblefield

MIKE STUBBLEFIELD

ENV. ENG. SPEC. 1

N.M.O.C.D.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Acting Cabinet Secretary

February 14, 2002

Lori Wrotenbery

Director

Oil Conservation Division

New Mexico Oil Conservation Commission
Attn: Hon. Lori Wrotenbery, Chair
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Case No. 12459; I.T. Properties

Ladies and Gentlemen:

The captioned case is set for hearing on February 15, 2002.

As indicated by the attached copy of email from Mike Stubblefield, as well as telephone contacts from Respondent's attorney, it appears that the well that is the subject of this case has been restored to production. However, paperwork to confirm this was not complete as of January 15, and I am unable to ascertain whether or not it is now complete.

Accordingly, I request one more continuance of this case to the next Commission docket.

Very truly yours,

David K. Brooks

Assistant General Counsel

ec: Mr. Steven C. Ross, OCC

cc: Mr. Paul R. Owen
Montgomery & Andrews
Box 2307
Santa Fe, NM 87204-2307

Brooks, David K

From: Stubblefield, Mike
Sent: Tuesday, January 15, 2002 3:22 PM
To: Brooks, David K
Cc: Gum, Tim
Subject: PHONE CONVERSATION WITH WENDELL CHEN 1/15/2002

DAVID,

I SPOKE WITH MR. WENDELL CHEN OWNER OF I.T. PROPERTIES TODAY.
MR. CHEN INFORMED ME HE HAD RIGGED UP ON THE DHY STATE #1
IN NOVEMBER 2001 AND HAD REPAIRED THE 5.5" CASING IN THE WELL
USING A CASING PATCH. HE SAID THE 5.5" CASING WAS NOW HOLDING
POSITIVE PRESSURE.

I REQUESTED FOR MR. CHEN TO SEND A C-103 FORM TO O.C.D.
REPORTING REPAIR ACTIONS TAKEN ON THE DHY STATE #1 IN NOVEMBER.
I INFORMED MR. CHEN THE 5.5" CASING WOULD HAVE TO PASS A
CASING INTEGRITY TEST AND THE DHY ST. #1 BE PLACED BACK TO PRODUCTION
STATUS BEFORE ORDER NO. R-11520 COULD BE DISMISSED.

MIKE S.



NEW MEXICO ENERGY NATURAL RESOURCES

GARY E. JOHNSON
Governor
Carol Leach
Acting Cabinet Secretary

1/16/2002

I.T. PROPERTIES
3502 YACHTCLUB CT.
ARLINGTON, TEXAS
76106

RE: 30-015-21638
F-23-19s-28e DHY STATE #1

DEAR MR. WENDELL CHEN,

ON OUR PHONE CONVERSATION DATED 1/15/2002 I WAS INFORMED BY YOU THAT YOU HAVE RIGGED UP ON THE DHY STATE #1 IN NOVEMBER AND HAVE REPAIRED THE 5.5" CASING BY PLACING A CASING PATCH.

PLEASE SUBMIT TO O.C.D. A SUBSEQUENT C-103 FORM REPORTING ALL REPAIR ACTIONS TAKEN ON THE DHY STATE #1 AS CONVEYED TO ME DURING OUR PHONE CONVERSATION ON 1/15/2002.

AS PER YOUR APPROVED INTENT THE DHY STATE #1 WILL HAVE THE 5.5" CASING REPAIRED AND THE INTERGRITY OF THE 5.5" CASING PROVEN BY A CASING INTERGRITY TEST RUN ON THE 5.5" CASING.

THIS CASING INTERGRITY TEST MUST BE A POSSITIVE PRESSURE TEST RUN AT A MINIMUM TEST PRESSURE OF 500# WITH A 10% PRESSURE LOSS ALLOWED.

THE CASING INTERGRITY TEST MUST BE RECORDED ON A METER CHART AND WITNESSED BY O.C.D. FIELD STAFF.

PLEASE NOTIFY N.M.O.C.D. PRIOR TO RIGGING UP AND TAKING ANY REPAIR OR TEST ACTIONS ON THE DHY STATE #1 THAT WE MAY HAVE THE OPORTUNITY TO WITNESS ANY REPAIR ACTIONS TAKEN ON THE DHY STATE #1.

SINCERELY,

MIKE STUBBLEFIELD ENVIR. ENG. SPEC.

CERTIFIED MAIL RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total P		
Recipient	I T PROPERTIES	
Street, Apt.	ATTN: MR WENDELL CHEN	
City, State	3502 YACHTCLUB CT	
	ARLINGTON TX 76106	
	7000 0600 0026 1537 1622	
PS Form 3849, June 1999		

Submit 3 Copies To Appropriate District

Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87414

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103

Revised March 25, 1999

WELL API NO.

3001521638

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

648

7. Lease Name or Unit Agreement Name:

DHY STATE

8. Well No.

1

9. Pool name or Wildcat

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.)

1. Type of Well:

Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

I.T. PROPERTIES

3. Address of Operator

3502 YACHTCLUB CT., STE 100 ARLINGTON, TX 76016

4. Well Location

Unit Letter F : 1980 feet from the NORTH line and 1980 feet from the WEST line

Section 23 Township 19S Range 28E NMPM County EDDY

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

11. 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 ☐ MULTIPLE COMPLETION ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

- 5/01/01-5/02/01 Removed parted tubing @2206'. Additional tubing parted when attempt to remove packer @ 10890'.
- 5/28/01-5/30/01 Remove fish 161 jts. Attempts to remove remaining tubing unsuccessful.
- 9/27/01-10/25/01 Engage upset @5850'. Shot @ 9000' w/1 11/16gun/ POH w/ 3150' 2 3/8" tbgs. Check well bore with 3.81" gauge ring. Tight spot at 3950'. Ran collar locator. Casing ok except around 4000'. Ran casing patch tool.
- 11/02/01-12/05/01 Ran 2 7/8" tubing. Set packer @4050'.

Will test tubing and casing integrity.

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

SIGNATURE Thien Tran TITLE REG. TECH DATE 02/06/02

Type or print name THIEN TRAN

Telephone No. 817-561-9950

(This space for State use)

APPROVED BY Record Only TITLE _____ DATE _____

Conditions of approval, if any:

Brooks, David K

From: Stubblefield, Mike
Sent: Wednesday, January 02, 2002 10:15 AM
To: Brooks, David K
Cc: Gum, Tim; Barton, Van
Subject: PHONE CALL FROM WENDLE CHEN 12/27/2001 SUBJECT 30-015-21638 I.T. PROPERTIES DHY ST. #1

DAVID,

I RECEIVED A PHONE CALL FROM WENDELL CHEN OWNER I.T. PROPERTIES ON 12/27/2001. MR. CHEN INFORMED ME THAT HIS PARTNERS IN THE DHY ST. #1 WERE NOT IN FAVOR OF ABANDONING THE MORROW ZONE IN THE WELLBORE.

MR. CHEN TOLD ME HE WAS IN THE PROCESS OF GETTING APPROVAL FROM O.C.D. FOR DOWN HOLE COMMINGLING OF THE WOLFCAMP AND MORROW FORMATIONS IN THE DHY STATE #1. I INFORMED HIM THAT THE CASING IN THE WELLBORE WOULD HAVE TO BE REPAIRED AND THE CASING MUST PASS A MECHANICAL INTEGRITY TEST BEFORE DOWNHOLE COMMINGLING COULD BE PERMITTED IN THE DHY STATE #1.

MR. CHEN THEN ASKED ME IF IT WOULD BE POSSIBLE TO SET A RETRIEVABLE BRIDGE PLUG ABOVE THE WOLFCAMP AND MORROW FORMATIONS AND TEST THE BONESPRINGS FORMATION FOR PRODUCTION IN THE DHY STATE #1.

I TOLD MR. CHEN THAT THE MORROW AND THE WOLFCAMP FORMATIONS WOULD HAVE TO BE PROPERLY PLUGGED BACK BEFORE ANY RECOMPLETION TO THE BONESPRINGS WOULD BE ALLOWED IN THE DHY STATE #1

MIKE S.

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289
www.montand.com

November 5, 2001
VIA FACSIMILE

David Brooks, Esq.
New Mexico Department of Energy,
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Order No. R-11520; In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.

Dear Mr. Brooks:

This case is scheduled once again to be heard by the Commission. It is scheduled for this Tuesday's docket, in response to our latest request for a continuance which I submitted on October 11, 2001.

We received your letter of October 29, 2001, indicating that Mr. Stubblefield of the Artesia office will require that additional reporting forms be filed by I.T. Properties, before the Division could agree that the case could be dismissed.

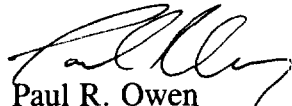
On Thursday, November 1, 2001, my client sent by federal express a C-101 to the Artesia office, seeking approval to plug the Morrow formation in the subject well and return the well to production from the Bone Springs formation. As soon as that plan is approved, my client will move another rig onto the well and complete the indicated work.

Please let me know if my client's submission of the C-101, as well as its frequent communications with Mr. Stubblefield's office and significant recent work on the well, are sufficient to warrant dismissal of this case. Alternatively, we request a continuance of this case for two months, to the January Commission docket. I understand that the date for that docket has not yet been set.

David Brooks, Esq.
November 5, 2001
Page 2

I look forward to confirmation that this case has been either dismissed or continued.

Very truly yours,


Paul R. Owen

cc: Mr. Wendell Chen (via facsimile)
Ms. Florene Davidson (via facsimile)

F-23-195-8c
I.T. Properties
D.R.Y. STATE #1

COPY

Tops

T. SALT - 950'
B. SALT - 1380'
T. S.A. - 2690'
T. Gloria - 4255'
T. Wolfcamp - 8815'
T. Morrow - 10,810'

12 3/4" casing
417' circ.

8 5/8" casing

2800'

Toc - 541'

Temp. survey

= Perfs 8866' - 8902' Wolfcamp.

Top fish 9000'
Packer 10,982'

= Perfs 11,025' - 47' Morrow

5 1/2" casing

11,553'

T.o.c.

6880' Temp. Survey

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, 87505

WELL API NO.

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

648

7. Lease Name or Unit Agreement Name

DHY STATE

8. Well No.

1

9. Pool name or Wildcat

WILDCAT (WOLFCAMP)

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.)

1. Type of Well:

OIL
WELL ☐

GAS
WELL ☒

OTHER

2. Name of Operator

I.T. PROPERTIES

3. Address of Operator

3502 YACHTCLUB CT. SUITE 100

4. Well Location

Unit Letter F : 1980 Feet From The NORTH Line and 1980 Feet From The WEST Line

Section 23 Township 19S Range 28E NMPM EDDY County

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

11.

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: ☐

12. 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.

SQUEEZE OFF THE CASING LEAK AT 3100' AND PUT DHY STATE #1 BACK TO PRODUCTION.



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

SIGNATURE [Signature] TITLE PRESIDENT DATE 05/01/01

TYPE OR PRINT NAME K. WENDELL CHEN TELEPHONE NO. 817.561.9950

(This space for State Use)

APPROVED BY Record Only TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. 3001521638
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 648
7. Lease Name or Unit Agreement Name: DHY STATE
8. Well No. 1
9. Pool name or Wildcat

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.)

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
I.T. PROPERTIES

3. Address of Operator
3502 YACHTCLUB CT., SUITE 100

4. Well Location
Unit Letter F : 1980 feet from the NORTH line and 1980 feet from the WEST line
Section 23 Township 19S Range 28E NMPM EDDY County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe ~~any~~ completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions : Attach wellbore diagram of proposed completion or recompletion.

05/01 MI & RU L&R WELL SERVICE. RECEIVE MAT BOARD AND BOP. SITP 600# SICP 600#.
BLOW DOWN TUBING TO PIT AND START UNLOADING CONDENSATE. BLOW DOWN CASING AND UNLOADING CONDENSATE. PROBABLE HOLE IN TUBING.

05/02 PUMP 15 BBLS 4% KCL W/ ADDITIVES DOWN TUBING AND 30 BBLS DOWN ANNULUS. ND WELL HEAD AND NU BOP. PU ON TUBING. POH WITH 70 JOINTS. RIH WITH 4-11/16" OVERSHOT WITH 3-1/16" GRAPPLE. PU TO 50000# AND ATTEMPT TO UNSET BAKE LOC-SET PKR @ 10890'. WITH 4 ROUNDS IN TUBING PARTED. HAVE 21 PTS WEIGHT. POH WITH OVERSHOT AND TOTAL OF 186 JTS (TOF @5870'). RIH WITH 4-11/16" OVERSHOT AND 2-5/8" GRAPPLE TO CATCH UPSET WITH PLANS TO CUT TUBING ABOVE PKR. TAG HARD @ 3970'. CASING PARTED. WORK OVERSHOT INSIDE 5-1/2" CASING. RUN 20' AND 1 MORE STAND.

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

SIGNATURE Thien Tran TITLE PRODUCTION ANALYST DATE 05/21/01

Type or print name THIEN TRAN

Telephone No. 817-561-9950

(This space for State use)

APPROVED BY Record Only TITLE _____ DATE _____
Conditions of approval, if any:

I.T. Properties

3502 Yachtclub Ct., Suite 100 • Arlington, TX 76016
TEL 817/ 561 9950 • FAX 817/ 478-1925

DHY State No. 1
Section 23-T19S-R28E
Eddy County, New Mexico

Casing Repair Procedures Proposal

- | | |
|--------|--|
| Day 1 | MI & RUPU. Install 7-1/16" 3000# BOP with 2-3/8" & CSO's. POH with tubing. RIH 4-11/16" overshot and engage tubing upset @ approx 5970'. RU WL and cut tubing @ approx 10950' (15' above PKR). POH tubing. |
| Day 2 | RIH with 5-1/2" RBP and set @ 7000'. Dump 3 sxs sand. POH. Prep to pull 5-1/2" casing. Dig out cellar and open valve on 8-5/8' casing. |
| Day 3 | Set cat walk and pipe racks. RU casing jacks and PU on 5-1/2' casing. RU casing crew and LD casing. |
| Day 4 | RIH with WL run inspection log from TOC to 4000'. Cut bad casing. Receive 2-7/8' work string (approx 5500'). RIH with casing repair. |
| Day 5 | Pull and LD bad casing. |
| Day 6 | RU reverse unit and RIH with 7-5/8" OD pilot mill and dress off casing. |
| Day 7 | RIH with 7-5/8' slip joint and 5-1/2" casing. Engage old casing and cement. |
| Day 8 | WOC |
| Day 9 | Drill out cement splice and run string mill to insure splice to clean. |
| Day 10 | Wash sand off RBP @ 7000' & POH with same. |
| Day 11 | RIH with new 5-1/2" PKR and set above cut off tubing above PKR @ 10950+-. Swab Morrow in. |
| Day 12 | RDPU |

Daily Field Trip Report

Inspector: Mike Stubblefield
Trip Date: 09/27/2001

Depart: 8:00:00 AM
Return: 3:30:00 PM
Total Field Time: 07:30

Beginning Miles: 49,164
Ending Miles: 49,338
Total Miles: 174

Vehicle Number:

Additional Activities:

Time Performed	Elapsed Time	API Well No	Well Name and Number	Operator	Inspection Type	Violation	Purpose	ULSTR	Well Type	Status	UIC?
12:00:00 AM	08:00:00 (hrs)	30-015-20967-00-00	FEDERAL CX COM 001	YATES PETROLEUM COR	Routine/Periodic	No		H 7 18 S 25 E	Gas (Producing)	A	
Comments: INSPECTED REPORTED SPILL AT TANK BATTERY FOR FINAL CLOSURE ON C-141 RECEIVED OK TO RELEASE.											
10:00 AM	00:00:00 (hrs)	30-015-21638-00-00	DHY STATE 001	IT PROPERTIES	Routine/Periodic	No		F 23 19 S 28 E	Gas (Producing)	A	
Comments: CHECKED STATUS OF REPAIR OPERATIONS BEING TAKEN ON DUAL GAS WELL THAT FAILED MIT TEST. PULLED 23 JOINTS OF TUBING. WILL FISH THE REST OF TUBING LEFT IN WELLBORE.											
12:00:00 AM	00:00:00 (hrs)	30-015-25883-00-00	MARY WOLF STATE 002	HARVARD PETROLEUM C	Routine/Periodic	No		M 12 19 S 27 E	Oil (Producing)	A	
Comments: INSPECTED HYDROCARBON SPILL FOUND BY FIELD REP. MIKE BRATCH. EST. SPILL AREA NEAR WELL HEAD EST. 5' X 20'. SPILL AREA HAS BEEN WORKED AND COVERED USING FRESH DIRT. W.O. C-141.											
12:00:00 AM	00:00:00 (hrs)	30-015-25826-00-00	MARY WOLF STATE 001	HARVARD PETROLEUM C	Routine/Periodic	No		N 12 19 S 27 E	Oil (Producing)	A	
Comments: INSPECTED SPILL FOUND BY O.C.D. REP MIKE BRATCHER. A LARGE AREA BEHIND THE TANK BATTERY EXT. 40' X 60' HAS VISIBLE HYDROCARBON SPILL. C-141 NEEDED.											
12:00:00 AM	00:00:00 (hrs)	30-015-26727-00-00	HANNAFIN STATE 001	PRONGHORN MANAGEM	Routine/Periodic	No		L 17 19 S 29 E	Oil (Producing)	A	
Comments: INSPECTED REPORTED SPILL AREA AT TANK BATTERY. 8 BBL PROD. WTR. A BACKHOE HAS BEEN USED TO BLADE AND THEN COVER SPILL AREA. THE PRODUCTION PIT BEHIND TANK BATTERY HAS BEEN COVERED.											

Summary for Trip Date: 09/27/2001 (5 Inspection records)

Total Hours: 08:00:00

Total Non-UIC Hours: 08:00:00

Total UIC Hours: 00:00:00

Daily Field Trip Report

Inspector: Mike Shubblefield
Trip Date: 10/01/2001Depart: 8:00:00 AM
Return: 4:00:00 PM
Total Field Time: 08:00Beginning Miles: 49,339
Ending Miles: 49,556
Total Miles: 217

Additional Activities:

Time Performed	Elapsed Time	API Well No	Well Name and Number	Operator	Inspection Type	Violation	Purpose	ULSTR	Well Type	Status	UIC?
02:48:57 PM	06:48:57 (hrs)	30-015-21638-00-00	DHY STATE 001	IT PROPERTIES	Routine/Periodic	No	F 23 19 S 28 E		Gas (Producing)	A	
Comments: CHECKED ON GOING REPAIR ACTIONS ON DUAL GAS WELL. WORKOVER RIG WORKED SATURDAY 9/29/01 AND FISHED 121 JOINTS OF TUBING FROM THE WELLBORE. TODAY WHEN I ARRIVED ON LOCATION WORKOVER RIG WAS SWABBING WELL INTO FRAC TANK. OPERATOR INFORMED ME OF FISHING OPERATIONS FROM SATURDAY AND TOLD ME THEY WERE SWABBING W.O. FISHING TOOLS. TOP OF TUBING IN HOLE IS 5870'.											
02:54:36 PM	00:05:39 (hrs)	30-015-29000-00-00	TURNER A 057	DEVON ENERGY PRODUC	Routine/Periodic	No	C 19 17 S 31 E		Injection - (All Types)	A	*
Comments: INSPECTED 600 BBL'S PRODUCED WATER SPILL SITE AFTER RECEIVING ANALYTICALS RESULTS AND FINAL C-141. OK TO RELEASE.											
03:01:23 PM	00:06:47 (hrs)	30-015-02105-00-00	WELCH DUKE STATE 008	SANDLOTT ENERGY (IAC	Routine/Periodic	No	C 28 18 S 28 E		Oil (Producing)	A	
Comments: RECHECKED PRODUCING OIL WELL. OIL STANDING AROUND B.H. HAS BEEN RECOVERED AND SPILL AREA BLADED.											
03:03:35 PM	00:02:12 (hrs)	30-015-26134-00-00	RESLER YATES STATE 381	SANDLOTT ENERGY (IAC	Routine/Periodic	No	G 32 18 S 28 E		Oil (Producing)	A	
Comments: RECHECKED TANK BATTERY FOR ADDITIONAL SPILL. REMEDIATION. W.O. C-141 FROM OPERATOR AS REQUESTED. DUE BY 10/11/01.											
03:06:19 PM	00:02:44 (hrs)	30-005-61821-00-00	MESA STATE COM 002	OCEAN ENERGY INC	Routine/Periodic	No	F 32 15 S 28 E		Gas (Producing)	A	
Comments: INSPECTED EXCAVATED SPILL AREA AND LANDFARM AFTER RECEIVING LANDFARM CLOSURE REQUEST WITH ANALYTICAL RESULTS FROM SOIL SAMPLES TAKEN 7/19/01.											

Summary for Trip Date: 10/01/2001 (5 Inspection records)

Total Hours: 07:06:19

Total Non-UIC Hours: 07:00:40

Total UIC Hours: 00:05:39

(08)

Daily Field Trip Report

Inspector: Mike Stubblefield

Trip Date: 10/03/2001

Depart: 8:00:00 AM
Return: 5:00:00 PMBeginning Miles: 49,557
Ending Miles: 49,675

Vehicle Number:

Additional Activities:

Total Field Time: 09:00

Total Miles: 118

Time Performed	Elapsed Time	API Well No	Well Name and Number	Operator	Inspection Type	Violation	Purpose	U/LSTR	Well Type	Status	UIC?
12:00:00 AM	08:00:00 (hrs)	30-015-21638-00-00	DHY STATE 001	IT PROPERTIES	Routine/Periodic	No	F 23 19 S 28 E	Gas (Producing)	A		
Comments: WITNESSED FISHING OPERATIONS TAKEN ON DUAL COMP. GAS WELL. GARY SLATE WITH WEATHERFORD ON LOCATION. MR. SLATE REPORTED TO ME ON 10/3/01 ONE RUN WITH OVERSHOT WAS MADE WITH NO SUCCESS. TODAY RAN IN HOLE WITH OVERSHOT AND CAUGHT TOP OF 2.275" TUBING. TOP OF FISH AT 5850'. WORKED TUBING WO ORDERS.											
12:00:00 AM	00:00:00 (hrs)	30-015-20528-00-00	BENSON SHUGART WATERFLOD UNIT 011	CONCHO OIL & GAS COR	Routine/Periodic	No	I 26 18 S 30 E	Oil (Producing)	A		
Comments: INSPECTED REPORTED 100 BBL PRODUCED WATER SPILL AT TANK BATTERY. SPILL STAYED IN DIKE AREA AS REPORTED. DIKE AREA IS DRY BUT HAS VISIBLE HYDROCARBON STAINING AND SIGNS OF SPILL. W.O. SOIL SAMPLES AS REQUESTED BY O.C.D. ALSO INSPECTED 80 BBL OIL SPILL/200 BBL PRODUCED WATER SPILL BEHIND AND AROUND TANK BATTERY. AREA HAS HAD SURFACE SOIL REMOVED NO SIGN OF HYDROCARBON W.O. SOIL SAMPLES REQUESTED BY O.C.D.											
12:00:00 AM	00:00:00 (hrs)	30-015-04542-00-00	BENSON SHUGART WATERFLOD UNIT 025	CONCHO OIL & GAS COR	Routine/Periodic	No	I 25 18 S 30 E	Oil (Producing)	A		
Comments: INSPECTED REPORTED 597 BBL PRODUCED WATER SPILL ON INJECTION LINE. SECTION OF INJECTION LINE HAS BEEN REPLACED W.O. FINAL SAMPLES AS REQUESTED BY O.C.D.											
12:00:00 AM	00:00:00 (hrs)	30-015-04544-00-00	BENSON SHUGART WATERFLOD UNIT 023	CONCHO OIL & GAS COR	Routine/Periodic	No	J 25 18 S 30 E	Oil (Producing)	A		
Comments: INSPECTED REPORTED 333 BBL'S PRODUCED WATER SPILL ON INJECTION LINE. SECTION OF INJECTION LINE WAS REPLACED AND AREA BACKDRAGGED. W.O. SOIL SAMPLES AS REQUESTED BY O.C.D.											
12:00:00 AM	00:00:00 (hrs)	30-015-26041-00-00	BENSON SHUGART WATERFLOD UNIT 019	CONCHO OIL & GAS COR	Routine/Periodic	No	N 25 18 S 30 E	Injection - (All Types)	S		*
Comments: INSPECTED REPORTED 250 BBL PRODUCED WATER SPILL NEAR WATER INJECTION FACILITY. 3500' OF WIW LINE HAS BEEN REPLACED AND AREA BACKDRAGGED. W.O. SOIL SAMPLES AS REQUESTED BY O.C.D.											

Summary for Trip Date: 10/03/2001 (5 Inspection records)

Total Hours: 08:00:00

Total Non-UIC Hours: 08:00:00

Total UIC Hours: 00:00:00

(69)

Daily Field Trip Report

Inspector: Mike Stubblefield

Trip Date: 10/04/2001

Depart: 8:30:00 AM

Return: 3:30:00 PM

Beginning Miles: 49,676

Ending Miles: 49,811

Vehicle Number:

Additional Activities: 1 FACILITY CONOCO INC. BARAVVAL DRAW SPILL SITE.

MAXIM ENVIR. REP. TOM TAGGEN ON LOCATION BLENDING LANDFARM AREA WITH
BULLDOZER. SOIL SAMPLES TO BE TAKEN TODAY.

Total Field Time: 07:00

Total Miles: 135

Time Performed	Elapsed Time	API Well No	Well Name and Number	Operator	Inspection Type	Violation	Purpose	ULSTR	Well Type	Status	UIC?
03:10:03 PM	06:40:03 (hrs)	30-015-21638-00-00	DHY STATE 001	IT PROPERTIES	Routine/Periodic	No	F 23 19 S 28 E	Gas (Producing)		A	
Comments: WITNESSED FISHING ACTION TAKEN ON DUAL GAS WELL TO RECOVER PARTED 2.375" TUBING IN WELLBORE. RAN 1.5625" JET CUTTER TO TOP OF FISH AT 5850' UNABLE TO GET PAST 5850'. CAME OFF OF HOLE WITH JET CUTTER. RAN IN HOLE WITH STRING SHOT SET OFF STRING SHOT AT 9000'. AFTER DETERMINING 2.375" TUBING WAS FREE AT 9000'. MADE BACK OFF OF 2.375" TUBING AT 9000'. CAME OUT OF HOLE LAYING DOWN TUBING.											

Summary for Trip Date: 10/04/2001 (1 Inspection record)

Total Hours: 06:40:03

Total Non-UIC Hours: 06:40:03

Total UIC Hours: 00:00:00

(0.1)

Daily Field Trip Report

Inspector: Mike Stubblefield
Trip Date: 10/05/2001

Depart: 8:00:00 AM
Return: 10:30:00 AM
Total Field Time: 02:30

Beginning Miles: 49,812
Ending Miles: 49,867
Total Miles: 55

Vehicle Number:

Additional Activities:

Time Performed	Elapsed Time	API Well No	Well Name and Number	Operator	Inspection Type	Violation	Purpose	ULSTR	Well Type	Status	UIC?
08:42:57 AM	00:42:57 (hrs)	30-015-21638-00-00	DHY STATE 001	IT PROPERTIES	Routine/Periodic	No	F 23	19 S 28 E	Gas (Producing)	A	
Comments: CHECKED STATUS OF REPAIR OPERATIONS ON DUAL GAS WELL. OPERATOR HAS LAYED DOWN 9000' OF 2.375" TUBING. WORKOVER RIG RIGGED DOWN AND MOVED OFF WELL. TODAY BLACK WORKRIG WIRELINE CORP. ON LOCATION RIGGED UP AND RAN IN HOLE WITH GUAGE RIG AND COLLAR LOCATOR. SET DOWN A T 3928' BUT WORK THROUGHT BAD SPOT IN 5.5" CASING. WILL RUN CASING INSPECTION LOG ON 5.5" CASING TODAY.											

Summary for Trip Date: 10/05/2001 (1 Inspection record)

Total Hours: 00:42:57 **Total Non-UIC Hours:** 00:42:57 **Total UIC Hours:** 00:00:00

[Handwritten signature]

Daily Field Trip Report

Inspector: Mike Stubblefield
Trip Date: 10/09/2001

Depart: 8:00:00 AM
Return:
Total Field Time: #Error

Beginning Miles: 49,998
Ending Miles: 50,232
Total Miles: 234

Vehicle Number:

Additional Activities:

Time Performed	Elapsed Time	API Well No	Well Name and Number	Operator	Inspection Type	Violation	Purpose	U/LSTR	Well Type	Status	UIC?
12:00:00 AM	08:00:00 (hrs)	30-015-24707-00-00	BIG EDDY FEDERAL 098	DAKOTA RESOURCES INC	Routine/Periodic	No	F	7 21 S	28 E	A	
Comments: INSPECTED REPORTED 60 BBL OIL SPILL IN SIDE TANK BATTERY SITE. SPILL WO ADDITIONAL REMEDIATION.											
2:00:00 AM	00:00:00 (hrs)	30-015-21638-00-00	DHY STATE 001	IT PROPERTIES	Routine/Periodic	No	F	23 19 S	28 E	A	
Comments: CHECKED ON REPAIR STATUS OF DUAL COMP. GAS WELL. WORKOVER RIG HAS MOVED OFF LOCATION. WORK STRING OF TUBING AND STRING OF PRODUCTION TUBING ARE SETTING ON PIPERACKS LEFT ON LOCATION. WENDLE CHEN CALLED ME AND TOLD ME HE IS IN PROCESS OF ABTAINING APPROVAL FROM HIS PARTNERS TO PLUGBACK THE WOLFCAMP AND MORROW FORMATIONS AND TO RECOMPLETE THE WELL IN THE BONESPRINGS. INSTRUCTED MR. CHEN TO SEND A C-101 FORM FOR APPROVAL OF PLUGBACK AND RECOMPLETION.											

Summary for Trip Date: 10/09/2001 (2 Inspection records)

Total Hours: 08:00:00 **Total Non-UIC Hours:** 08:00:00 **Total UIC Hours:** 00:00:00

Copy

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☒ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address I.T. CORPORATION 3502 YACHTCLUB CT., SUITE 100		² OGRID Number 10882
³ Property Name DHY STATE "B"		⁴ API Number 30-015-21971
⁵ Property Code 005331	⁶ Well No. 1	

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	11	19S	28E		1980	S	980	W	EDDY

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Palmillo: Bone Springs SW					¹⁰ Proposed Pool 2				

¹¹ Work Type Code P	¹² Well Type Code	¹³ Cable/Rotary N/A	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3477
¹⁶ Multiple NO	¹⁷ Proposed Depth 6,600-8300'	¹⁸ Formation BONE SPRINGS	¹⁹ Contractor Well Services	²⁰ Spud Date

²¹ Proposed Casing and Cement Program


Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Isolate Wolfcamp zone.

RUN & SET CIBP @ 8820' W/ 35' CEMENT ON TOP OF CIBP

Recomplete into Bone Springs Formations: 3rd Sandstone, Dolomite, 2nd Sandstones, 1st Sandstones.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 		OIL CONSERVATION DIVISION	
Printed name: KW CHEN		Approved by:	
Title: LAND ADMINISTRATION		Title:	
Date: 11/01/01		Approval Date:	Expiration Date:
Phone: 817-561-9950		Conditions of Approval: Attached <input type="checkbox"/>	

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, 87505

WELL API NO.

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

648

7. Lease Name or Unit Agreement Name

DHY State

8. Well No.

1

9. Pool name or Wildcat

Wildcat (Wolfcamp)

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.)

1. Type of Well:

OIL
WELL ☐

GAS
WELL ☒

OTHER

2. Name of Operator

I. T. Corporation

3. Address of Operator

3214 W. Park Row, Suite L

4. Well Location

Unit Letter F : 1980 Feet From The North Line and 1980 Feet From The West Line

Section 23

Township 19S

Range 28 E

NMPM

Eddy

County

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

11.

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: ☐

12. 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.

Well is shut in. Tubing leak and packer leakage test failed. Will POH tubing and packer, replace with new string and redress packer. Swab and produce.

* Intent does not meet prior
Division orders & Dead line dates.



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

SIGNATURE

TITLE

President

DATE

12/08/01

TYPE OR PRINT NAME

K.W. CHEN

TELEPHONE NO.

817 572391

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

12/27/2001

MEMO NOTE: PHONE CALL FROM WENDLE CHEN

MR. CHEN CALLED ME AROUND 2:30PM. WE TOLD ME THAT HIS PARTNERS IN THE DHY ST. {YATES PEOTRO. CORP.} DID NOT WANT HIM PERMANENTLY ABANDON THE MORROW FORMATION IN THE DHY ST. HE TOLD ME HE WAS WORKING ON A COMMENGAL PERMIT FOR THE DHY ST.

HE WANTED TO KNOW IF HE COULD SET A TEMP. BRIDGE PLUG OVER THE LOWER COMPLETED ZONES AND COME UP AND TEST THE BONESPRINGS FORMATION FOR PRODUCTION.

I TOLD MR. CHEN THAT THE LOWER ZONES IN THE WELLBORE WOULD HAVE TO BE PROPERLY PLUGGED BACK BEFORE THE WELL COULD BE RECOMPLETED IN THE BONESPRINGS.

MILLER, STRATVERT & TORGERSON, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
ALICE T. LORENZ
GREGORY W. CHASE
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
SETH V. BINGHAM
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
J. SCOTT HALL
THOMAS R. MACK
TERRI S. BEACH
THOMAS M. DOMME
RUTH O. PREGENZER
JEFFREY E. JONES

ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
RUTH FUESS
KYLE M. FINCH
H. BROOK LASKEY
KATHERINE W. HALL
PAULA G. MAYNES
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CARLA PRANDO
KATHERINE N. BLACKETT
JENNIFER L. STONE
ANDREW M. SANCHEZ
M. DYLAN O'REILLY
AMINA QUARGNALI-LINSLEY
JENNIFER D. HALL
MARY A. WOODWARD
JENNIFER L. OLSON
TODD A. SCHWARZ
JULIE A. COLEMAN
TIMOTHY L. BUTLER

COUNSEL

ROSS B. PERKAL
JAMES J. WIDLAND
BRADLEY D. TEPPER
GARY RISLEY

OF COUNSEL

WILLIAM K. STRATVERT
JAMES B. COLLINS

ALBUQUERQUE, NM

500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, NM 87125-0687
TELEPHONE: (505) 842-1950
(800) 424-7585
FACSIMILE: (505) 243-4408

FARMINGTON, NM

300 WEST ARRINGTON, SUITE 300
POST OFFICE BOX 869
FARMINGTON, NM 87499-0869
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

SANTA FE, NM

150 WASHINGTON AVE., SUITE 300
POST OFFICE BOX 1986
SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

LAS CRUCES, NM

500 S. MAIN ST., SUITE 800
POST OFFICE BOX 1209
LAS CRUCES, NM 88004-1209
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

PLEASE REPLY TO SANTA FE

* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
** NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

October 30, 2001

HAND-DELIVERED

David Brooks, Esq.
New Mexico Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12459; I.T. Properties

Dear David:

I believe your October 29, 2001 correspondence on the above matter (copy enclosed) was misdirected to me. To my knowledge, I don't have a client that is affected by this application or for whom I have entered an appearance.

Very truly yours,



J. Scott Hall

JSH/kam

Brooks, David K

From: Stubblefield, Mike
Sent: Monday, October 22, 2001 11:02 AM
To: Brooks, David K
Subject: LETTER FROM I.T. PROPERTIES/MONTGOMERY & ANDREWS DATED OCTOBER 11.2001

10/29/2001

DAVID,

I.T. PROPERTIES HAS RECOVERED TUBING FROM THE WELLBORE OF THE DHY ST. #1.
THE TOP OF THE TUBING LEFT IN THE WELLBORE IS NOW AT 9000'.

THE 5.5" CASING IN THE WELLBORE IS PARTED AT 3900'.
A CASING INSPECTION LOG WAS RAN ON THE 5.5" CASING DOWN TO THE CEMENT TOP ON THE 5.5" CASING.

THE WELL IS CURRENTLY SHUT-IN AND NON-PRODUCTIVE WITH POSSIBLE COMMUNICATION OF SEVERAL NON-COMMINLINGABLE ZONES IN THE WELLBORE.

THE LAST C-103 FORM I APPROVED FROM I.T. PROPERTIES DATED 8/20/2001.
APPROVED CASING REPAIR PROCEDURES AS FOLLOWS.
REPAIR OF THE 5.5" CASING BY RECOVERING BAD CASING FROM THE WELLBORE.
RUNNING NEW CASING AND SPLICING CASING TOGETHER USING A SLIP JOINT.
CEMENTING CASING IN THE WELLBORE ABOVE TIE BACK SECTION.
RUNNING TUBING AND 5.5" PACKER INTO THE WELLBORE TO 10950'.
WHICH WILL ISOLATE THE WOLFCAMP AND THE MORROW FORMATIONS.

RETURN THE WELL TO PRODUCTION.

ON 10/9/2001 I RECEIVED A PHONE CALL FROM WENDLE CHEN.
MR. CHEN INFORMED ME THAT HE IS NOW IN THE PROCESS OF GETTING APPROVAL FROM PARTNERS. TO PLUGBACK THE WELL FROM THE MORROW , WOLFCAMP FORMATIONS AND TO RECOMPLETE THE WELL IN THE BONESPRINGS FORMATION.
I INFORMED MR. CHEN TO SEND ME A C-101 FORM FOR APPROVAL TO PLUGBACK AND RECOMPLETE THE WELL IN THE BONESPRINGS FORMATION.

I.T. PROPERTIES HAS NOT TAKEN ALL ACTIONS REQUIRED TO REPAIR THE DHY ST. #1 AS APPROVED ON THE C-103 DATED 8/20/2001.

THE CASE NO. R-11520 SHOULD NOT BE DISMISSED UNTIL THE WELL HAS BEEN REPAIRED AND RETURNED TO PRODUCTION.

MIKE STUBBLEFIELD

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised March 17, 1999

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☒ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address I.T. CORPROATION 3502 YACHTCLUB CT., STE 100 ARLINGTON, TX 76016		² OGRD Number 30 - 015-21638
³ Property Code DHY STATE NO. 1	⁴ Property Name 1	⁵ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	23	19S	28E		1980	N	1980	W	EDDY

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Palmillo: Bone Springs					¹⁰ Proposed Pool 2				


¹¹ Work Type Code P	¹² Well Type Code	¹³ Cable/Rotary	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3384
¹⁶ Multiple NO	¹⁷ Proposed Depth	¹⁸ Formation MORROW, WLFCMP	¹⁹ Contractor	²⁰ Spud Date 11-4-75

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone.
Describe the blowout prevention program, if any. Use additional sheets if necessary.

25 SACK PLUG @ 8600 FT TO ISOLATE THE WOLFCAMP FORMATION
25 SACK PLUG @ 8950 FT TO ISOLATE THE MORROW FORMATION
PERFS. 8325' - 27' AND ADDITIONAL PERFS AS REQUIRED.
8329' - 32'
8340' - 57'

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature:  Printed name: K. W. CHEN Title: LAND ADMINISTRATION Date: 11/01/01		OIL CONSERVATION DIVISION Approved by: Title: Approval Date: Expiration Date: Conditions of Approval: Attached <input type="checkbox"/>	
Phone: 817-561-9950			



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

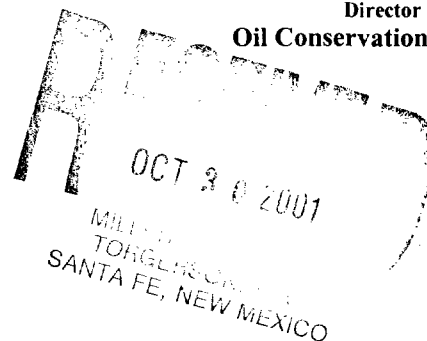
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

October 29, 2001



Mr. Scott Hall
Miller, Stratvert & Torgeson, P.A.
P.O.Box 1986
Santa Fe, NM 87504-1986

Re: Case No. 12459; I.T. Properties

Dear Scott:

Responding to your letter of October 11, Mr. Stubblefield is not satisfied that the work on the Dhy State No. 1 set forth in the C-103 approved in August has been accomplished. Particularly, that C-103 called for restoration of production from the Morrow, and Mr. Chen apparently indicated orally to Stubblefield that it was his intention to plug the well back and recomplete in the Bonesprings. If the latter alternative is to be pursued, it would require filing and approval of a C-101.

If your client believes that he *has* completed everything called for on the previously filed C-103, and that the well is capable of Morrow production, it might be helpful if he would furnish a daily report to Mr. Stubblefield showing exactly what has been done.

I am, of course, not competent to assess compliance with technical requirements, and must rely on the Division's field personnel in this respect.

Very truly yours,

David K. Brooks
Assistant General Counsel

Cc: Mike Stubblefield

MEMORANDUM

To: Mike Stubblefield
From: David Brooks

Date: October 15, 2001

Re: I.T. Properties, DHY State No. 1

I enclose a copy of a letter from IT's attorney.

Please let me know when you are sufficiently satisfied with IT's activities to dismiss this case. Let me know also if there is anything specific that needs to be done.

DB

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289
www.montand.com

October 11, 2001
VIA FACSIMILE

David Brooks, Esq.
New Mexico Department of Energy,
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Order No. R-11520; In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.

Dear Mr. Brooks:

You and I have spoken about this case several times in the last few days. This case is currently scheduled to be heard at the Commission hearing this Friday, October 12, 2001.

As you and I have discussed, and as Mike Stubblefield with the Division in Artesia has confirmed, my client has had a rig on the well location and has devoted significant resources and time to reworking the wellbore.

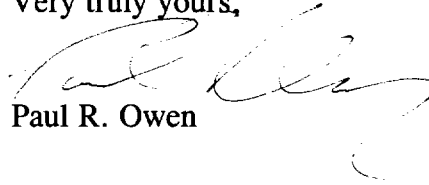
Consequently, you indicated that it would be appropriate to continue the case for an additional one month period, to the November 9, 2001 hearing. **This letter is confirmation of that continuance.** Between now and then, you and I agreed to explore the possibility of dismissing this case based on my client's work on the well.

My client is very interested in determining exactly what additional work the Division needs to see performed on the well, or what forms need to be filed, to satisfy the Division that the well is not abandoned, and that the plugging case is appropriate for dismissal. It will be greatly appreciated if you can discuss that matter with the District Office.

If you have any questions, please call.

David Brooks, Esq.
October 11, 2001
Page 2

Very truly yours,

A handwritten signature in dark ink, appearing to read "Paul R. Owen", with a long, sweeping horizontal stroke extending to the right.

Paul R. Owen

cc: Mr. Wendell Chen (via facsimile)
Ms. Florene Davidson (via facsimile)

Brooks, David K

From: Stubblefield, Mike
Sent: Friday, September 28, 2001 8:53 AM
To: Brooks, David K
Subject: CASE #13459 30-015-21638 UT. F-23-19s-28e I.T PROPERTIES DHY ST. #1

GOOD MORNING MR. BROOKS,

I'M SENDING YOU THIS E-MAIL TO KEEP YOU UPDATED ON ACTIONS TAKEN WITH THE I.T. PROPERTIES DHY ST. #1.

9/27/2001 MR. WENDLE CHEN OWNER I.T. PROPERTIES RIGGED UP A WORKOVER UNIT AND PULLED PARTED TUBING IN WELL BORE.

MR. CHEN HAS INTENTIONS OF FOLLOWING A C-103 APPROVED FOR REPAIR OF THE PARTED CASING ON THE D.H.Y ST. #1.

THE WELL IS NOW UNDER REPAIR OPERATIONS AND I WILL LET YOU KNOW IF REPAIR OPERATIONS TAKEN ARE ACCOMPLISHED AND THE WELL RETURNED TO PRODUCTION.

MIKE S.

MEMO: NOTE

PHONE CALL FROM I.T. PROPERTIES RECEIVED ON 9/20/2001

MR. WENDLE CHEW CALL ME TODAY AND SAID HE HAD RECEIVED APPROVAL AND MONIES FROM OTHER PARTNERS ON THE DHY B ST. #1 TO PRECEED WITH WORKOVER AND REPAIR OF THE WELL. I INSTRUCTED MR. CHEW TO SEND THE O.C.D. ARTESIA OFFICE A INTENT ON C-103 FORM WITH HIS REPAIR ACTIONS TO BE TAKEN ON THE DHY ST. #1. HE TOLD ME HE WOULD DO AS REQUESTED AND THAT A WORKOVER RIG WOULD BE MOVING ONTO THE DHY ST. #1 THURSDAY 9/27/2001. I THEN INSTRUCTED MR. CHEN TO NOTIFIE O.C.D. IN TIME TO WITNESS REPAIR ACTIONS TAKEN ON THE DHY ST. #1.

MIKE S.

I.T. PROPERTIES

September 19, 2001

Van Burton
Oil Conservation Division
1301 W. Grand
Artesia, NM 88210

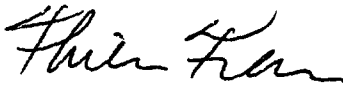
RE: DHY State No. 1
Sec-23-T19S-R28E
Eddy County, NM

Dear Mr. Van Burton:

Pursuant to your correspondence of August 17, 2001, we are unable to perform packer leakage test due current repair on the well. The continuance of this matter will be schedule for next month.

Please contact our office if you have any further questions.

Sincerely,



Thien Tran
Associate Landman



OL CONSERVATION DIV.
MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW
AUG 23 PM 12:52

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289
www.montand.com

August 22, 2001
VIA FACSIMILE

David Brooks, Esq.
New Mexico Department of Energy,
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Order No. R-11520; In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.

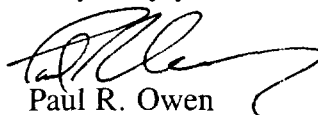
Dear Mr. Brooks:

In the last few days you and I have traded voice mail messages regarding a continuance of the hearing in the above-captioned case. This afternoon I spoke with Florene Davidson regarding that continuance.

This letter is confirming that the Division is continuing the hearing in this matter from this Friday, August 24, 2001, until the regularly-scheduled Commission hearing to be held on Friday, October 12, 2001.

Please let me know if you have any questions.

Very truly yours,



Paul R. Owen

cc: Mr. Wendell Chen (via facsimile)
Mr. Tim Gum (via facsimile)
Ms. Florene Davidson (via facsimile)

OIL CONSERVATION DIV. PROPERTIES
01 AUG 20 PM 3:14

August 15, 2001

Mr. David Brooks, Esq.
New Mexico Department of Energy
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

RE: Work-Over & Cementing the Casing
DHY State No. 1
Sec. 23-T19S-R28E
Eddy County, New Mexico

Dear Mr. Brooks:

We are currently in the process of collecting funds to complete the repair for a casing break in the DHY State #1 well. Enclosed please find our pre-bill letter to all working interest partners dated August 4, 2001. Due to this circumstance, we request further continuance to September so as to collect funds to be paid in advance.

Sincerely yours,


K. W. Chen
President

I.T. PROPERTIES

August 4, 2001

Devon SFS Operating, Inc.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

Yates Petroleum
ABO Petroleum
Yates Drilling Company
Myco Industries
105 South Fourth Street
Artesia, NM 88210-2218

RE: Segregated Recompletion Account
DHY State No. 1
Sec.23-T19S-R28E
Eddy County, New Mexico

Dear Working Interest Owners:

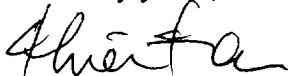
As reported earlier, the initial procedure for the work-over on the DHY State No. 1 lease was completed. The AFE for the entire completion (\$132,200) were agreed upon and signed by all partners, Devon Energy, Yates Petroleum, ABO Petroleum, Yates Drilling, Myco Industries and I. T. Properties.

Because of the sizable fund that is required to complete that workover and in accordance with the JOA, I.T.Properties requests that the funding be brought forth before the work can proceed further. Please remit your share of recompletion cost shown in Table 1 below and deposit funds into the segregated escrow account as follows,

Frost National Bank
Segregated DHY State #1 Recompletion Account
Account Number: 830007617
ABA: 114000093

All expenses for the recompletion will come for the segregated account.

Sincerely yours,



Thien Tran
District Landman

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289
www.montand.com

July 25, 2001
VIA FACSIMILE

David Brooks, Esq.
New Mexico Department of Energy,
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Order No. R-11520; In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.

Dear Mr. Brooks:

We discussed this matter this afternoon. Last week, my client I.T. Properties wrote you and explained that it is having difficulty obtaining a rig to complete the work-over of the well at issue in the above-captioned case.

However, my client has been able to obtain written commitments from its partners in the property to pay their proportionate share of the work-over costs. Attached please find letters and letter agreements by which Devon SFS Operating, Inc., Yates Drilling Company, Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc., agree to bear those costs.

As you and I discussed, my client is attempting to obtain a commitment from its partners in the well to pre-pay those costs. Such a commitment might make it easier for my client to obtain a rig to perform the work-over.

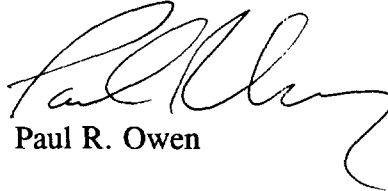
In our telephone conversation today, I confirmed my client's earlier request, submitted directly to you, that this case, currently scheduled for the July 27, 2001 docket, be continued. You agreed to that request, and indicated that the case would be re-scheduled for the August 24, 2001 docket. You also asked that before the August 24 docket, I provide you with evidence that my client's partners have agreed to pre-pay their proportionate work-over costs, or have paid such costs. I

David Brooks, Esq.
July 25, 2001
Page 2

will provide you with that information as soon as I receive it.

Thank you for your consideration in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul R. Owen", with a long, sweeping flourish extending from the end of the name.

Paul R. Owen

cc: Mr. Wendell Chen (via facsimile)
Mr. Tim Gum (via facsimile)

I.T. Properties

3502 Yachtclub Ct., Suite 100 • Arlington, TX 76016
TEL 817/ 561 9950 • FAX 817/ 478-1925

July 17, 2001

VIA CERTIFIED MAIL #7000-1530-0005-0585-6241

Mr. David Brooks, Esq.
New Mexico Department of Energy
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

**RE: Work-Over & Cementing the Casing
DHY State No. 1
Sec. 23-T19S-R28E
Eddy County, New Mexico**

Dear Mr. Brooks:

As you know, we sent to our partners, Yates Petroleum, ABO, Yates Drilling, Myco Industries and Devon Energy, a letter agreement for additional funds in the amount of \$70,600 to complete the repair for a casing break in the DHY State #1 well.

At this time Devon Energy has consented to the additional funds to the casing repair as outlined by our well consultant, Mr. William R. Hansen. We have a verbal consent but are waiting for a written approval by Yates Petroleum, ABO, Yates Drilling and Myco Industries.

Due to the magnitude of funds and limited availability of rigs, our contractors/rig contractor now demand advance payment for the casing repair prior to a commitment. And also due to our own limited budget and in accordance to the JOA, we are compelled to pre-bill our working-interest partners. Moreover, one of our partners (Devon Energy) failed to pay timely for the actual cost (within the AFE) for work performed in May 2001 as invoiced. This unfortunate delay in turn caused a problem for the scheduling of the added repair work. Thus at this time we are unable to honor the earlier schedule to complete the casing repair by July 25, 2001.

We submitted on 7/09/2001 the C103 form, which outlines the casing repair procedure. We hereby request further continuance so as to collect additional funds to be paid in advance by our partners. In view of the pre-bill process, we

Mr. Brooks, Esq.
July 17, 2001
Page 2 of 2

require additional two months for arrival of funds and to complete the casing repair.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'K. W. Chen', with a stylized flourish at the end.

K. W. Chen
President

cc: Devon Energy, Inc.
Mr. Mike Stubblefield, OCD
Paul R. Owen, Esq.

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

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

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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL API NO

3001521638

5. Indicate Type of Lease

STATE

STATE ☒ FEDERAL

6. State Oil & Gas Lease No.

648

7. Lease Name or Unit Agreement Name

DHY STATE

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

J.F. PROPERTIES

Address of Operator

5502 YACHTCLUB CT., SUITE 100

Well Location

Unit Letter F : 1980 Feet From The NORTH Line and 1980 Feet From The WEST

Section 23 Township 19S Range 28E NMPM EDDY

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

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 ☐

REEL OR ALTER CASING ☐

OTHER ☐

SUBSEQUENT REPORT OF

REMEDIAL WORK ☐

ALTERING CASING ☐

COMMENCE DRILLING OPNS ☐

PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER ☐

12. 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.

*** SEE ATTACHMENT

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

SIGNATURE

TITLE LAND ADMINISTRATION

DATE 01/01/91

TYPE OR PRINT NAME THIEN H. TRAN

TELEPHONE NO 817-701-1111

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY

ILLEGIBLE

I.T. Properties

3502 Yachtclub Ct., Suite 100 • Arlington, TX 76016
TEL 817/ 561 9950 • FAX 817/ 478-1925

DHY State No. 1
Section 23-T19S-R28E
Eddy County, New Mexico

Casing Repair Procedures Proposal

- | | |
|--------|--|
| Day 1 | MI & RUPU. Install 7-1/16" 3000# BOP with 2-3/8" & CSO's. POH with tubing. RIH 4-11/16" overshot and engage tubing upset @ approx 5970'. RU WL and cut tubing @ approx 10950' (15' above PKR). POH tubing. |
| Day 2 | RIH with 5-1/2" RBP and set @ 7000'. Dump 3 sxs sand. POH. Prep to pull 5-1/2" casing. Dig out cellar and open valve on 8-5/8' casing. |
| Day 3 | Set cat walk and pipe racks. RU casing jacks and PU on 5-1/2' casing. RU casing crew and LD casing. |
| Day 4 | RIH with WL run inspection log from TOC to 4000'. Cut bad casing. Receive 2-7/8' work string (approx 5500'). RIH with casing repair. |
| Day 5 | Pull and LD bad casing. |
| Day 6 | RU reverse unit and RIH with 7-5/8" OD pilot mill and dress off casing. |
| Day 7 | RIH with 7-5/8' slip joint and 5-1/2" casing. Engage old casing and cement. |
| Day 8 | WOC |
| Day 9 | Drill out cement splice and run string mill to insure splice to clean. |
| Day 10 | Wash sand off RBP @ 7000' & POH with same. |
| Day 11 | RIH with new 5-1/2" PKR and set above cut off tubing above PKR @ 10950+-. Swab Morrow in. |
| Day 12 | RDPU |

devon
SFS OPERATING, INC.

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone: (405) 235-3611
Fax: (405) 552-8113

July 3, 2001

VIA CERTIFIED MAIL #7001-0360-0000-2115-9449
VIA FACSIMILE

I. T. Properties
3502 Yachtclub Ct., Ste. 100
Arlington, TX 76013

Attention: Thien Tran

Re: DHY State #1
Section 23-19S-28E
Eddy County, NM

Gentlemen:

Enclosed is I.T. Properties letter agreement for additional funds in the amount of \$70,600 to complete the repair for a casing leak in the DHY State #1 well, which has been executed on behalf of Devon SFS Operating, Inc.

Also, enclosed is Devon SFS Operating, Inc.'s well requirements for this property. Should you have any questions, please contact me at (405) 228-7519.

Yours very truly,



Danielle Rice
AFE Analyst

drutcorporation.afe
Enclosure

Letter Agreement

Agreed this 3rd day of July to modify the approved AFE for
Work-over dated April 23, 2001 ~~Work-over~~ to Cementing for Casing, DHY State #1,
Sec. 23-T19S-R28E, Eddy County New Mexico in accordance with the attached
modified proposal prepared by W. R. Hansen/I.T. Properties.

DEVON SFS OPERATING, INC.

Agreed by: ✓Date: 7/3/01

Division Land Manager
For AFE Approval Only

July 3, 2001

VIA CERTIFIED MAIL #7001-0360-0000-2115-9449
VIA FACSIMILE

I T. Properties
3502 Yachtclub Ct., Ste. 100
Arlington, TX 76013

Attention: Thien Tran

Re: DHY State #1
Section 23-19S-28E
Eddy County, NM

Gentlemen:

Enclosed is I.T. Properties letter agreement for additional funds in the amount of \$70,600 to complete the repair for a casing leak in the DHY State #1 well, which has been executed on behalf of Devon SFS Operating, Inc.

Also, enclosed is Devon SFS Operating, Inc.'s well requirements for this property. Should you have any questions, please contact me at (405) 228-7519.

Yours very truly,



Danielle Rice
AFE Analyst

drincorporation.afe
Enclosure

Letter Agreement

Agreed this 3rd day of July to modify the approved AFE for
Work-over dated April 23, 2001 ~~Work-over~~ to Cementing for Casing, DHY State #1,
Sec. 23-T19S-R28E, Eddy County New Mexico in accordance with the attached
modified proposal prepared by W. R. Hansen/I.T. Properties.

DEVON SPS OPERATING, INC.

Agreed by: ✓

Date: 7/3/01

Bill Albrecht

Division Land Manager
For AFE Approval Only

Brooks, David K

From: Wrotenbery, Lori
Sent: Wednesday, June 20, 2001 11:08 AM
To: Brooks, David K
Cc: Ross, Stephen; Stubblefield, Mike; Davidson, Florene
Subject: RE: I.T. properties - DHY State No. 1

Thanks, David.

Florene, Please let Robert, Jamie, Steve, and Kate know that Friday's Commission meeting is cancelled.

From: Brooks, David K
Sent: Wednesday, June 20, 2001 10:38 AM
To: Wrotenbery, Lori
Cc: Ross, Stephen; Stubblefield, Mike
Subject: I.T. properties - DHY State No. 1

Lori and Steve:

I have spoken with Kathy Porter at Yates Petroleum, and have verified that Yates is a non-operating WI owner in the captioned well; that they received an AFE dated 5-7-01 to repair casing in the well, and that they signed and returned the AFE, electing to participate therein on 6-5-01.

Based on the foregoing confirmation of info received at the District from the Operator, and the concurrence in this recommendation by Mike Stubblefield, I recommend that we not oppose I.T.'s request for continuance of the hearing set 6/22.

DB

6/21/2001

memo note:

BILL HANSON CALLED AND SAID HE COULD NOT GET
RIGGED UP ON THE I.T. PROPERTIES DHY ST. #1 FOR AT
LEAST TWO WEEKS.
EST. RIG UP DATE IS JULY 9TH.

INSTRUCTED BILL HANSON TO CALL ME WHEN HE WAS
RIGGING UP ON THE WELL.

MIKE S.

6/19/2001

MEMO NOTE:

PHONE CONVERSATION WITH WENDLE CHEN

I CALLED MR. CHEN THIS MORNING AFTER RECEIVING INQUIRES AS TO THE COMMISSION HEARING SCHEDULED ON THE DHY ST. #1 .

MR. CHEN INFORMED ME THAT EST. ON WORKOVER WAS \$ 122,000. AND THAT HE HAD RECEIVED APPROVAL FROM YATES PETRO. CORP. ON YATES SHARE.

HE SAID THAT HE WAS W.O. DEVON ENERGY APPROVAL.

DE SAID THAT HE HAD REQUESTED L&R WORKOVER RIG AND WAS HOPING FOR RIG WITHIN A WEEK.

HE SAID A CASING INSPECTION LOG WAS TO BE RAN ON INITIAL RIGUP.

I INSTRUCTED MR. CHEN THAT AFTER CASING INSPECTION LOG WAS RAN THAT RIG WAS TO STAY ON WELL AND COMPLETE REPAIR.

MIKE S.

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289
www.montand.com

June 19, 2001
VIA FACSIMILE

David Brooks, Esq.
New Mexico Department of Energy,
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Order No. R-11520; In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.

Dear Mr. Brooks:

This is a follow-up of our two telephone conversations today. You called me to check on the status of my client's efforts to bring this well back to production.

As you and I discussed, my client is in the process of obtaining approval for the well repairs from the other interest owners in the subject well. It is my understanding that Yates Petroleum, ABO, Yates Drilling and Myco Industries have agreed to participate in the re-work of the well. My client has indicated that the approval it has received from those entities has been verbal, and that it does not yet have signed AFEs for the subject work.

Attached please find a letter of today's date from Dr. K.W. Chen, president of I.T. Properties, to Mike Stubblefield of the Division's Artesia office. The attached letter confirms conversations that Mr. Stubblefield has had with Mr. Chen, and confirms the status of I.T. Properties' attempts to obtain approval for, and initiate, the work necessary to return this well to production. Mr. Chen also indicates that the work should be completed before July 25, 2001.

As soon as I receive them, I will forward to you signed copies of the AFEs for the well workover. In the meantime, consistent with our earlier discussions, I.T. Properties would like this matter to be continued until the July 27, 2001 Commission Docket.

David Brooks, Esq.
June 19, 2001
Page 2

Please let me know if you need any additional information before you will agree to a continuance. In addition, please let me know if you would like me to request the continuance, or whether you will do that on behalf of the Division.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul R. Owen", with a stylized, flowing script.

Paul R. Owen

cc: Mr. Wendell Chen (via facsimile)
Mr. Tim Gum (via facsimile)

I.T. Properties

3502 Yachtclub Ct., Suite 100 • Arlington, TX 76016
TEL 817/ 561 9950 • FAX 817/ 478-1925

Via Facsimile

June 19, 2001

Mr. Mike Stubberfield
Mr. Tim Gum
New Mexico Oil Conservation
811 First St.
Artesia, NM 88210

Re: Re-completion and Casing Repair
DHY State #1
Section 23 T 19S R 28E
Eddy County, New Mexico

Dear Mr. Stubberfield,

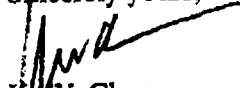
We sent to our partners, Yates Petroleum, ABO, Yates Drilling, Myco Industries and Devon Energy, an AFE to repair the casing for the above captioned well.

At this time Yates Petroleum, ABO, Yates Drilling and Myco Industries have agreed to participate in the re-work. We are still waiting for approval by Devon Energy.

However, we are proceeding to request a rig from L&R and a casing scan before the final procedure. We anticipate that Devon will respond by this week. Subject to availability of rigs, the final work will be completed before July 25, 2001

Should there be any matters regarding this continuance, please feel free to call this office.

Sincerely yours,



K. W. Chen
President

cc: Mr. Paul Owen (via facsimile)
Mr. Steven Ross (via facsimile)

I.T. Properties

3502 Yachtclub Ct., Suite 100 • Arlington, TX 76016
TEL 817/ 561 9950 • FAX 817/ 478-1925

VIA CERTIFIED MAIL

June 18, 2001

Devon SFS Operating, Inc.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

ABO Petroleum
Yates Drilling Company
Myco Industries
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2218

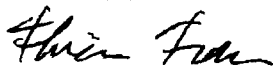
**Re: AFE Modification
DHY State No. 1
Section 23-T19S-R28E
Eddy County, New Mexico**

Dear Working Interest Owners:

The original AFE to repair a casing leak for the above captioned all partners approved well in the amount of \$61,600. I. T. Properties, Yates Petroleum, ABO, Yates Drilling, Myco Industries and Devon Energy. The work over is current underway. As reported in our May 1st and 2nd, 2001 completion reports, instead of a leak, the casing has actually parted and the well bore condition was more deteriorated than previously estimated. In addition, the condition of the 2 7/8" tubing string is poor. Attached please find a modified procedure, as prepared by our well consultant, Mr. William R. Hansen, to repair the casing and replace the tubing. The final cost estimate now includes an additional \$70,600. The additional cost is due mainly to a requirement for a new tubing string and part of the casing string.

If you agree to the additional work shown in the casing repair proposal herein attached, please indicate such approval by letter agreement below as soon as possible.

Sincerely yours,



Thien Tran
District Landman

6-17

Paul / IT

proved w/ production or plug
\$100,000

no funds to continue
client filed DHC application -

1 witness

20 exhibits, workover records, receipts,
testing reports

deal completed in narrow all workcamp
R-5184

David Stubblefield
20 ex.
R-5184

admin app. on file

file & gone or about
Dec. 5, 2001



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 13, 2002

Via Facsimile and First Class Mail

Paul R. Owen
Montgomery & Andrews PA
P.O. Box 2307
Santa Fe, New Mexico 87504-2307

David K. Brooks
Energy, Minerals & Natural Resources Department
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Case 12459: *De Novo*. Application of the Oil Conservation Division for an order requiring I. T. Properties to properly plug one well, Eddy County, New Mexico.

Dear Counsel,

I would like to conduct a short telephonic pre-hearing conference in this matter on Monday, June 17 at 10 am. I will originate the conference from my office on a conference telephone with Mr. Brooks present.

Would you please be prepared to briefly discuss the substance of the presentation you intend to make to the Commission, the number of witnesses you expect to call, the exhibits you intend to introduce, the time required for your presentation, the probability of settlement or continuance, and other relevant matters.

If you are unavailable Monday at 10, please give me a call and we'll try to find a better time.

Sincerely,

Stephen C. Ross
Assistant General Counsel

TRANSACTION REPORT

P. 01

JUN-13-2002 THU 09:34 AM

FOR:

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
JUN-13	09:34 AM	99824289	22"	2	SEND	OK	088	
TOTAL :						22S PAGES:	2	



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO:

Paul Owen

FROM:

Stephen Ross



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

May 29, 2001

VIA FACSIMILE AND FIRST CLASS MAIL

Paul R. Owen, Esq.
Montgomery & Andrews, P.A.
P.O. Box 2307
Santa Fe, NM 87504-2307

**RE: In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.
New Mexico Oil Conservation Division Order No. R-11520**

Dear Mr. Owen:

It has come to my attention that in my letter dated May 22, 2001, I said that the next hearing of the Oil Conservation Commission would be June 29, which is incorrect. The next hearing will be held June 22. I apologize for any inconvenience or confusion my error may have caused.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kurt J. Van Deren".

Kurt J. Van Deren
Assistant General Counsel
New Mexico Energy, Minerals & Natural
Resources Department

cc: Ms. Lori Wrotenbery
Stephen C. Ross, Esq.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

May 22, 2001

VIA FACSIMILE AND FIRST CLASS MAIL

Paul R. Owen, Esq.
Montgomery & Andrews, P.A.
P.O. Box 2307
Santa Fe, NM 87504-2307

**RE: In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.
New Mexico Oil Conservation Division Order No. R-11520**

Dear Mr. Owen:

This morning, Mike Stubblefield faxed me a copy of the letter dated May 21, 2001, and the Subsequent Report of Remedial Work he received from Mr. Chen, regarding work on the well owned by I.T. Properties. After reviewing the letter and report, and after discussing them with Mr. Stubblefield, I write on behalf of the Oil Conservation Division ("OCD") to say that Mr. Chen's proposal to continue the matter from the Oil Conservation Commission's May 25th hearing until its June 29th hearing is acceptable to OCD. This will give I.T. Properties the time it needs to obtain financial approval from its partners—Yates Petroleum, Yates Drilling, Abo, Myco, and Devon Energy. Please have Mr. Chen inform Mr. Stubblefield and his supervisor, Tim Gum, as soon as he has received the necessary financial approval.

Mr. Stubblefield also informs me that, indeed, I.T. Properties may have to wait for a rig to become available to perform the necessary work once it receives financial approval from its partners. Please have Mr. Chen keep Mr. Stubblefield and Mr. Gum informed of his progress in securing a rig to perform the work.

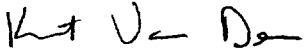
OCD is pleased that I.T. Properties is taking steps to repair the problems with the subject well; that is the reason OCD is willing to grant the continuance. If, however, I.T. Properties ceases to take the necessary steps to repair its well, OCD is still prepared to proceed to a hearing to seek an order

Paul R. Owen, Esq.
May 22, 2001
Page 2 of 2

from the Oil Conservation Commission directing that the well be plugged and the bond be forfeited.

Thank you for your cooperation in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kurt Van Deren". The signature is written in a cursive, slightly stylized font.

Kurt J. Van Deren
Assistant General Counsel

cc: Stephen C. Ross, Esq.
Ms. Lori Wrotenbery
Mr. Tim Gum (via facsimile)
Mr. Mike Stubblefield (via facsimile)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

May 22, 2001

VIA FACSIMILE AND FIRST CLASS MAIL

Paul R. Owen, Esq.
Montgomery & Andrews, P.A.
P.O. Box 2307
Santa Fe, NM 87504-2307

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Paul R. Owen, Esq.
May 22, 2001
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Kurt J. Van Deren
Assistant General Counsel

cc: Stephen C. Ross, Esq.
Ms. Lori Wrotenbery
Mr. Tim Gum (via facsimile)
Mr. Mike Stubblefield (via facsimile)

I.T. Properties

3502 Yachtclub Ct., Suite 100 • Arlington, TX 76010
TEL 817/ 561 9950 • FAX 817/ 478-1925

01 MAY 29 PM 1:06

Via Mail

May 21, 2001

Mr. Mike Stubberfield
Mr. Tim Gum
New Mexico Oil Conservation
811 First St.
Artesia, NM 88210



Re: Re-completion and Casing Repair
DHY State #1
Section 23 T 19S R 28E
Eddy County, New Mexico

Dear Mr. Stubberfield,

Our recent rig work on May 1, and May 2, 2001 indicated the damage to our well bore is considerably more severe than anticipated. Instead of a casing leak, the casing for the well has actually parted at 3,900'. Before we can repair the parted casing, we shall require additional financial approvals (about \$100,000) for an AFE by our partners: Yates Petroleum, Yates Drilling, Abo, Myco and Devon Energy. The anticipated approval process requires an additional 30-day period. Assuming we obtain such an approval, we need the customary waiting time for rigs. I. T. Properties is committed so that the casing repair work will be performed in a most expeditious manner.

It is my understanding that from our telephone conversation on May 11, 2001, OCD and your office has agreed to extend the May 25th OCD hearing on this well for an additional month to June 29, 2001. I am writing to state that this is agreeable to us.

Should there be any matters regarding this extension, please feel free to call this office.

Sincerely yours,


K. W. Chen
President

cc: Mr. Paul Owen (via mail)
Mr. Steven Ross (via mail)

Ross, Stephen

From: Van Deren, Kurt
Sent: Thursday, May 10, 2001 1:39 PM
To: Ross, Stephen
Subject: I.T. and beyond

I got a call from Stub today saying he was going to check with Bill Hansen in Roswell to see whether anyone had contacted him on I.T.'s behalf to do the work for I.T. He said Hansen was a reputable operator and a straight shooter. He also thought, if Hansen had been contacted and was planning to do some work, that I.T.'s proposed terms were OK, and that the Division ought to give him a chance to do the repairs. Stub is going to call ma back after he contacts Hansen, probably early next week.

On the standard of review question for the case in the Court of Appeals, I am pretty sure that review is the same as with a Rule 1-074 appeal. That is, technically, the Court is reviewing what the district court did, but in doing that, it is actually looking at whether the Commission acted arbitrarily and capriciously, not in accordance with law, etc., after a review of the whole record.

Ross, Stephen

From: Stubblefield, Mike
Sent: Thursday, May 10, 2001 3:32 PM
To: Van Deren, Kurt
Cc: Ross, Stephen; Gum, Tim
Subject: 5/10/2001 PHONE CONVERSATION TO BILL HANSON

RE: ORDER NO. R-11520
I.T. PROPERTIES DHY STATE #1

KURT,

I SPOKE WITH BILL HANSON TODAY WHO HAS BEEN CONTRACTED BY I.T. PROPERTIES TO WORKOVER AND REPAIR THE DHY ST. #1. BILL RIGGED UP A WORKOVER UNIT BELONGING TO VICTOR RODRIQUEZ ON THE DHY ST. #1 ON A MAY 2, 2001.

THE TUBING WAS PARTED AND BILL PULLED 2100' OF TUBING. AND OVERSHOT WAS THEN RAN INTO THE WELLBORE AND A SECTION OF TUBING WAS PULLED FROM 2100'-5870'. DURING THIS OVERSHOT RUN THE OVERSHOT SET DOWN ON A CASING PART AT 3970'. BILL WORKED THE OVERSHOT THROUGH THE PARTED CASING AND RECOVERED THE ABOVE MENTIONED SECTION OF TUBING. BILL SAID THAT MR. CHEN SEEMED TO BE OVER WHELMED BY THE CONDITION OF THE WELLBORE. THE WORKOVER RIG WAS THEN RIGGED DOWN AND WENT BACK TO MYCO INDUSTRIES AND MAYBE AVAILABLE ESTIMATED BY JUNE 10,2001. MR. CHEN TOLD BILL HANSON HE WAS GOING TO WRITE HIS INVESTORS AND INFORM THEM OF STATUS OF THE WELL. BILL THINKS THE WELL IS REPAIRABLE. HE WANTS TO RUN A CASING INSPECTION LOG AND MAYBE RECOVER POSSIBLE OTHER BAD CASING FROM WELLBORE. HE WOULD THEN RUN A 7.625" SLIP JOINT INTO CASING STUB AND CEMENT THE NEW SECTION ON CASING IN WELL. WHICH WOULD RESTORE INTERGRITY TO THE WELLBORE. DURING THIS TIME PERIOD THE TUBING WOULD BE CUT OFF ABOVE THE STUCK PACKER IN THE WELLBORE AND A NEWSTRING OF TUBING AND NEW PACKER SET 10' ABOVE THE OLD PACKER LEFT IN THE WELLBORE WHICH WOULD ISOLATE THE WOLFCAMP AND MORROW FORMATIONS ALLOWING THE WELL TO PRODUCE THE MORROW FORMATION. THE WELL ACCORDING TO BILL HANSON DID HAVE 600# SHUT-IN PRESSURE ON IT DURING THE ATTEMPTED WORKOVER. I WAS ALSO CALLED BY MR. K.W.CHEN WHILE I WAS WRITING THIS E-MAIL. HE BASICLY TOLD ME THE SAME WORKOVER DETAILS AS BILL HANSON. MR. CHEN INFORMED ME HE HAS RECEIVED AND APPROVAL FROM HIS PARTNERS IN THE WELL YATES PETRO. CORP. AND DEVON ENERGY CORP. TO PROCEED WITH THE AFE PROCESS. MR. HANSON IS NOW PREPAIRING THE AFE . I INSTRUCTED MR. CHEN TO SEND A SUBSEQUENT C-103 FORM ON REPAIR ACTIONS TAKEN AND A INTENT C-103 FORM ON OTHER REPAIR ACTIONS TO BE TAKEN. I REQUEST THAT THE DE NOVO HEARING SCHEDULED FOR THE DHY STATE #1 IN MAY BE CONTINUED TO JUNE. THERE FOR ALLOWING I.T. PROPERTIES THE OPPORTUNITY TO REPAIR THE DHY STATE #1.

MIKE S.

Ross, Stephen

From: Van Deren, Kurt
Sent: Thursday, May 10, 2001 3:43 PM
To: Stubblefield, Mike
Cc: Ross, Stephen; Gum, Tim
Subject: RE: 5/10/2001 PHONE CONVERSATION TO BILL HANSON

Mike, thanks for checking on this. It sounds like I.T. is finally doing what the Division has asked for all this time. Is there anything else we need to consider? Steve? Tim? If not, I should probably send a letter to Mr. Chen's attorney saying that the Division approves of the conditions set forth in his letter and of the steps he has taken and indicates he will take. If we need to put any language in the letter basically keeping Mr. Chen's feet to the fire, though, we can, so please let me know.

From: Stubblefield, Mike
Sent: Thursday, May 10, 2001 3:32 PM
To: Van Deren, Kurt
Cc: Ross, Stephen; Gum, Tim
Subject: 5/10/2001 PHONE CONVERSATION TO BILL HANSON

RE: ORDER NO. R-11520
I.T. PROPERTIES DHY STATE #1

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MIKE S.

MONTGOMERY & ANDREWS, P.A.

325 PASEO DE PERALTA
POST OFFICE BOX 2307
SANTA FE, NEW MEXICO 87504-2307

FAXED

(505) 982-3873

(FAX) (505) 982-4289

April 26, 2001

TELECOPY COVER SHEET**TO: Stephen Ross, Esq.****TELEFAX NO: (505) 476-~~3451~~
3462****FROM: Paul R. Owen, Esq.****TELEPHONE NO: (505) 986-2538****TOTAL PAGES TO FOLLOW:**2

Message:

This fax is being sent from (505) 982-4289

CLIENT NAME: IT Properties**CLIENT NO.: 12423-01-01**

THE INFORMATION CONTAINED IN THIS FACSIMILE TRANSMITTAL IS INTENDED FOR THE PERSONAL AND CONFIDENTIAL USE OF THE DESIGNATED RECIPIENT. THIS TRANSMITTAL MAY BE CONFIDENTIAL OR PRIVILEGED. IF YOU ARE NOT THE INTENDED RECIPIENT OR AN AGENT RESPONSIBLE FOR DELIVERY TO THE INTENDED RECIPIENT, BE AWARE THAT ANY REVIEW, DISCLOSURE, COPYING OR DISTRIBUTION OF THIS TRANSMITTAL IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS TRANSMITTAL IN ERROR, PLEASE NOTIFY US BY TELEPHONE IMMEDIATELY SO WE CAN ARRANGE FOR RETRIEVAL AT NO COST TO YOU (COLLECT 505/982-3873). THANK YOU.

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 988-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4288
www.montand.com

April 26, 2001
VIA FACSIMILE

Stephen C. Ross, Esq.
Oil Conservation Commission
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Order No. R-11520; In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.

Dear Mr. Ross:

We discussed this matter last month. The above-captioned case is currently scheduled to be heard de novo by the Oil Conservation Commission tomorrow, Friday, April 27, 2001.

This case was brought by the Division at the request of Mr. Tim Gum, district supervisor for the Division in Artesia. I have spoken with Mr. Gum and with my client about this case, and have reached agreement between the two parties. I discussed that agreement with Kurt J. Van Deren, Esq., appearing as special counsel for the Division in this case. This letter details that agreement.

First, the case scheduled to be heard tomorrow will be continued to the May 25, 2001 docket. The case will be revisited at that time.

Second, my client will cause a rig, supervised by Mr. Bill Hansen of Roswell, to move on the location of the well within thirty (30) days. My client will pull the tubing in the wellbore and use cement to squeeze a casing leak which it has identified at 3100 feet. Once the casing leak is sealed, my client will cause a mechanical integrity test to be conducted. If the results of the mechanical integrity test indicate that the casing leak has been sealed, then my client will put packers into the wellbore between the Morrow and the Wolfcamp formations and, through another mechanical integrity test, determine that there will be no communication between those zones. Finally, if the results of the second mechanical integrity test are successful, my client will re-complete the well in the Morrow formation and produce from that formation until all

Steven Ross, Esq.
April 26, 2001
Page 2

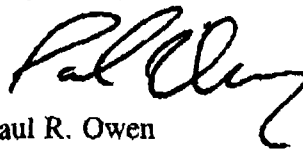
recoverable reserves have been captured. As the well is to be recompleted in the Morrow, the zone for which it was originally approved, my client will only be required to file a Division Form C-103 to advise the Division of this process.

My client agrees to move the above rig on location within thirty (30) days. If it does not do so, my client has agreed to plug and abandon the well. The thirty day period may be extended for extenuating circumstances beyond my client's control with the permission of Mr. Gum.

If the well is successfully recompleted in the Morrow, the Division will vacate Order No. R-11520 and dismiss the underlying case. The Division is welcome to inspect my client's work and the well at any time during this process.

Please review these conditions and indicate the Division's acceptance of them by written response as soon as possible.

Very truly yours,



Paul R. Owen

cc: Mr. Wendell Chen (via facsimile)
Mr. Tim Gum (via facsimile)
Kurt J. Van Deren, Esq. (via facsimile)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

April 26, 2001

Via Facsimile and First Class Mail

Paul R. Owen
Montgomery & Andrews PA
P.O. Box 2307
Santa Fe, New Mexico 87504-2307

Re: CASE 12459: De Novo – Continued from March 30, 2001, Commission Hearing.
Application of the Oil Conservation Division for an order requiring I. T. Properties to properly plug one well, Eddy County, New Mexico. Applicant seeks an order requiring I. T. Properties to appear and show cause why one (1) well located in Section 23, Township 19 South, Range 28 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

Dear Mr. Owen,

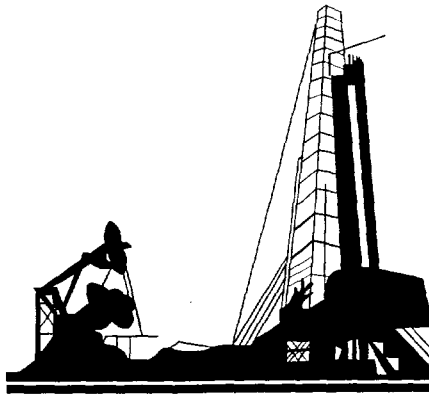
I am in possession of your letter of this date addressed to the Oil Conservation Commission requesting that the hearing in this matter be continued to the next regularly scheduled hearing of the Commission. Knowing that you and Mr. Van Deren are attempting to come to agreement concerning the Division's application referenced above, Ms. Wrotenbery is inclined to recommend that the matter be continued as you propose. If agreement is reached concerning the Division's application, I would appreciate being apprised of same and being furnished with a written request to dismiss the application for *de novo* review.

Thanks you for your continued attention to this matter.

Sincerely,

Stephen C. Ross
Assistant General Counsel

Cc: Kurt Van Deren, Esq.
Commission Secretary



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO: Paul R. Owen

FROM: Stephen C. Ross

DATE: 4-26-01

PAGES: 2

SUBJECT: IT Properties

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE
NUMBER ABOVE.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

April 26, 2001

Via Facsimile and First Class Mail

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Sincerely,

Stephen C. Ross
Assistant General Counsel

Cc: Kurt Van Deren, Esq.
Commission Secretary

* P. 01 *
* TRANSACTION REPORT *
* APR-26-01 THU 02:16 PM *
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* DATE START RECEIVER TX TIME PAGES TYPE NOTE M# *

* APR-26 02:14 PM 99824289 45" 2 SEND OK *
*

MONTGOMERY & ANDREWS, P.A.

325 PASEO DE PERALTA
POST OFFICE BOX 2307
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(FAX) (505) 982-4289

April 26, 2001

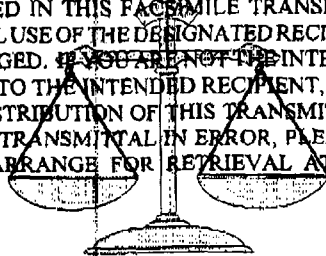
TELECOPY COVER SHEET**TO: Ms. Lori Wrotenbery****TELEFAX NO: (505) 476-3462****FROM: Paul R. Owen, Esq.****TELEPHONE NO: (505) 986-2538****TOTAL PAGES TO FOLLOW:** 1

Message:

This fax is being sent from (505) 982-4289

CLIENT NAME: L.T. Properties**CLIENT NO.: 1423-01-01**

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Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289
www.montand.com

April 26, 2001
VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Commission
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

**Re: New Mexico Oil Conservation Division Order No. R-11520;
New Mexico Oil Conservation Case No. 12459;
In the Matter of the Hearing Called by the New Mexico Oil Conservation Division
on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug
and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing
the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any
Plugging Bond Covering this Well.**

Dear Ms. Wrotenbery:

I.T. Properties, appellant in the above-referenced case, hereby requests that the hearing in this matter, currently scheduled for Friday, April, 27, 2001, be continued until the next regularly-scheduled hearing of the New Mexico Oil Conservation Commission, on May 25, 2001.

Very truly yours,



Paul R. Owen

Enclosures

cc: Mr. K. Wendall Chen
Steven Ross, Esq.
Kurt J. Van Deran, Esq.
Mr. Tim Gum

4-13

Blowout -

Pogo - operator -

She started @ 6:55 am
notified by BLM @ 7:30-8 am
Tim got out there @ 8:45 am
Tim called Jennifer an hour later

never notified by Pogo
Chris called - they called him instead of Tim 4-12-

State Police secured area - apparently received
timely notice

Boots and Cuts working problem

Blowout prevention plan?

MONTGOMERY & ANDREWS
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March 28, 2001
VIA HAND DELIVERY

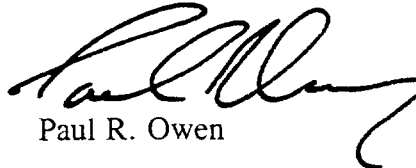
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New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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In the Matter of the Hearing Called by the New Mexico Oil Conservation Division
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and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing
the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any
Plugging Bond Covering this Well.***

Dear Ms. Wrotenbery:

I.T. Properties, appellant in the above-referenced case, hereby requests that the hearing in this matter, currently scheduled for Friday, March 30, 2001, be continued until the next regularly-scheduled hearing of the New Mexico Oil Conservation Commission, on April 27, 2001.

Very truly yours,



Paul R. Owen

Enclosures

cc: Mr. K. Wendell Chen
Steven Ross, Esq.
Mr. Tim Gum

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
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March 28, 2001

VIA HAND DELIVERY

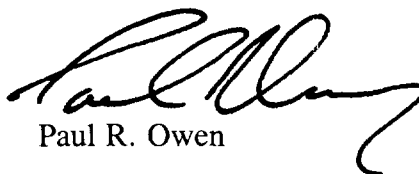
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Steven Ross, Esq.
Mr. Tim Gum

01 MAR 28 PM 1:4
OIL CONSERVATION DIV