



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 13, 2004

Bettis, Boyle & Stovall
P.O. Box 1240
Graham, TX 76450

**RE: Shut In order for Bettis, Boyle & Stovall's Big Eddy Unit # 114, located in Unit H, 2080' FNL & 660' FEL of Section 21 in Township 21 South, Range 29 East in Eddy County, New Mexico.
API # 30-015-26263**

Dear Ms. Kim Ligon or To Whom It May Concern:

In regards to the above referenced well, the New Mexico Oil Conservation Division (NMOCD) has received regulatory information from the Bureau of Land Management on 6/18/2004 indicating that said well was to be plugged back from the Morrow formation to the Atoka formation for gas production in the Quahada Ridge; Atoka Gas Pool. Furthermore, it has been brought to my attention per our conversation with you on September 8, 2004 that said well is now producing as a gas well from the Atoka formation.

The NMOCD has not received any further regulatory information as of June 18, 2004 nor have we received a NSL approval for Atoka gas production per the conditions of NMOCD Rule 104C.(2)(b).

Additionally as of this date our records show that we have not received NMOCD form C-104 "Request for Allowable and Authorization to Transport".

I have provided a copy of part of NMOCD's rules 12,14, 104, 1102,1104 and 1105 that I am aware that your company is in violation. Depending on the date of completion, some of these rules may not be violations.

Below are copies of these rules for your reference and review.

Said well is to be shut in immediately until all regulatory requirements are met.

19.15.1.12 ENFORCEMENT
OF STATUTES AND RULES:

The division is charged with the duty and obligation of enforcing all rules and statutes of the state of New Mexico relating to the conservation of oil and gas including the protection of public health and the environment. However, it shall be the responsibility of all the owners or operators to obtain information pertaining to the regulation of oil and gas before operations begin.

[1-1-50...2-1-96; A, 7-15-99; 19.15.1.12 NMAC - Rn, 19 NMAC 15.A.12, 5-15-01]

19.15.1.14 UNITED STATES
GOVERNMENT LEASES:

Operator shall file or cause to be filed with the division copies of "application for permit to drill, deepen or plug back," (BLM form no. 3160-3), "sundry notices and reports on wells," (BLM form no. 3160-5), and "well completion or recompletion report and log," (BLM form no. 3160-4), as approved by the bureau of land management for wells on U.S. government land.

[1-1-50...2-1-96; 19.15.1.14 NMAC - Rn, 19 NMAC 15.A.14, 5-15-01]

19.15.3.104 WELL SPACING
AND LOCATION:

(2) 320-Acre Spacing applies to any deep gas well in Lea, Chaves, Eddy or Roosevelt County, defined as a well that is projected to be drilled to a gas producing formation or is within a defined gas pool in the Wolfcamp or an older formation. Such well shall be located on a spacing unit consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U.S. Public Land Surveys provided that:

(b) only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section of the 320-acre unit not containing the initial well and is no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and

(c) the division-designated operator for the infill well is the same operator currently designated by the division for the initial well.

19.15.13.1102 WELL
LOCATION AND ACREAGE DEDICATION
PLAT (Form C-102):

D. Amended form C-102 (in triplicate or quadruplicate) shall be filed in the event there is a change in any of the information previously submitted. The well location need not be certified when filing amended form C-102. [1-1-65...2-1-96; 19.15.13.1102 NMAC - Rn, 19 NMAC 15.M.1102, 06/30/04]

19.15.13.1104 REQUEST FOR
ALLOWABLE AND AUTHORIZATION TO
TRANSPORT OIL AND NATURAL GAS
(Form C-104):

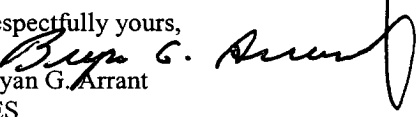
A. Form C-104 completely filled out by the operator of the well must be filed in quintuplicate before an allowable will be assigned to any newly completed or recompleted well. (A recompleted well shall be considered one which has been deepened or plugged back to produce from a different pool than previously.) Form C-104 must be accompanied by a tabulation of all deviation tests taken on the well as provided by 19.15.3.111 NMAC.

19.15.13.1105 WELL
COMPLETION OR RECOMPLETION
REPORT AND LOG (Form C-105):

A. Within 20 days following the completion or recompletion of any well, the operator shall file form C-105 with the division. It must be filed in quintuplicate and each copy accompanied by a summary of all special tests conducted on the well, including drill stem tests. In addition, one copy of all electrical and radio-activity logs run on the well must be filed with form C-105. If the form C-105 with attached log(s) and summaries is not received by the division within the specified 20-day period, the allowable for the well will be withheld until this rule has been complied with.

If you or your or your staff has any questions regarding this matter please feel free to call.

Respectfully yours,


Bryan G. Arant
PES

E Mail: Tim Gum- District Supervisor, Artesia
Michael Stogner-Chief Hearing Examiner, Santa Fe