

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD

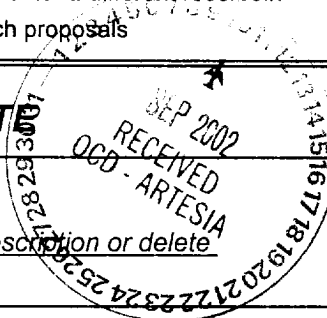
FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

CISK

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reenter a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE



5. Lease Designation and Serial No.
NM 025778-A; NMNM12212

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Federal Koehane "C" #1

9. API Well No.
30-015-05595

10. Field and Pool, or Exploratory Area
Shugart

11. County or Parish, State
Eddy County, NM

1. Type of Well
 Oil Well
 Gas Well
 Other *type other description or delete*

2. Name of Operator
Ocean Energy, Inc. (169355)

3. Address and Telephone No.
1001 Fannin, Suite 1600, Houston, Texas 77002 (713) 265-6834

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SESE, 660' FSL & 660' FEL, Sec. 21, T18S, R31E

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION |
|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input checked="" type="checkbox"/> Abandonment |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompletion |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Plugging Back |
| | <input type="checkbox"/> Casing Repair |
| | <input type="checkbox"/> Altering Casing |
| | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change of Plans |
| | <input type="checkbox"/> New Construction |
| | <input type="checkbox"/> Non-Routine Fracturing |
| | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Conversion to Injection |
| | <input type="checkbox"/> Dispose Water |

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*
*Ocean Energy proposes to plug and abandon the referenced well per the attached plugging procedure.
 See copy of letter from Carsten F. Goff, Santa Fe, NM, Deputy State Director.
 Copy of current and proposed wellbore schematics are attached.*

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED**

Approved for record - NMOCD

14. I hereby certify that the foregoing is true and correct

Signed *Janie McMillan* Title *Sr. Regulatory Specialist* Date *09/03/02*

(This space for Federal or State office use)

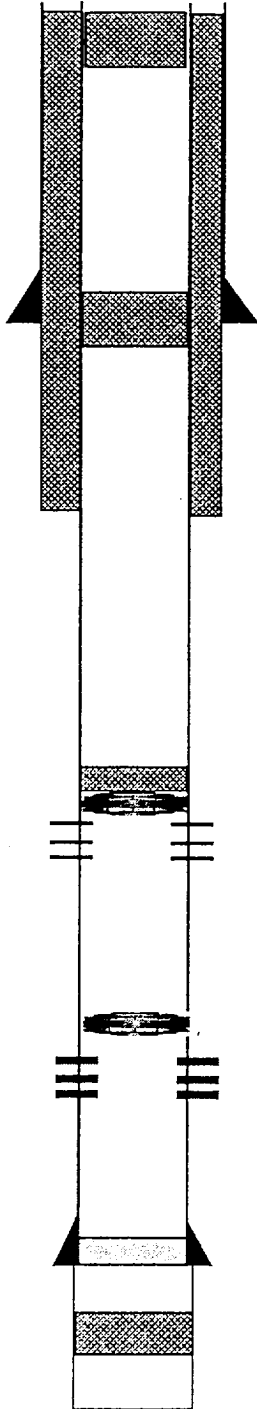
Approved by *(ORIG. SGD.) ALEXIS C. SWOBODA* Title **PETROLEUM ENGINEER** Date *SEP 05 2002*

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Proposed

As Is



**KEOHANE "C" et al Fed
EDDY CO., NM.**

| | Size | Wt. | Grde | Thrd | Depth | (E)TOC | Sks/Cmt |
|------------|--------|-----|------|------|-------|--------|---------|
| CONDUCTOR | | | | | | | |
| SURFACE | 8-5/8" | 24 | J-55 | | 985 | SURF | 600 |
| INTERMED | | | | | | | |
| PRODUCTION | 4-1/2" | 9.5 | J-55 | | 3979 | SURF | 280/930 |
| TUBING | 2 3/8 | | | EUE | ? | | |

| Description | OD | ID | Depth |
|--|----|----|-------|
| Surface plug ETOC 5' EBOC 55' | | | |
| Shoe plug ETOC 910' EBOC 1035' | | | |
| DV tool | | | 2085 |
| CIBP with 35' of cement ETOC 3215' | | | 3250 |
| Perfs, 3274' to 3284' / 3276' to 3278' / 3294' to 3296' / 3303' to 3305' | | | |
| CIBP 3500 | | | |
| Perfs 3923' to 3924' / 3916' to 3928' | | | |
| 100' open hole cement plug 4900' to 5000' | | | |
| Drilled to 5300' | | | |

| Directional Data | |
|------------------|------|
| KOP | deg@ |
| Max Dev | deg@ |
| Max Dev/Perfs | deg@ |

| Wrkg Interest | Location |
|---------------|--------------------|
| Rev Interest | 660 FSL 660 FEL |
| Spud Date | SEC 21, T18S, R31E |
| Lease # | NM-025778A |

| | |
|--------------|-----------|
| PBTD MD | |
| TVD | |
| T DPTH MD | |
| TVD | |
| FLUID LIH | |
| DATE LIH | |
| PREPARED BY: | Doland |
| DATE: | 8/22/2002 |





MEMORANDUM

TO: JEANIE MCMILLIAN (REGULATORY AFFAIRS)
VICKIE FREDERICK (REGULATORY AFFAIRS)

FROM: DAVID DOLAND (PRODUCTION ENGINEERING) *DD*
ROBERT RIPKOWSKI (PRODUCTION ENGINEERING)

RE: KEOHANE "C" ET AL FED #15 PLUG AND ABANDONMENT REQUEST
Eddy County, NM.
Plug & Abandon

DATE: **AUGUST 22, 2002**

CASING CEMENTING DETAILS:

8-5/8" CEMENTED WITH 600 SXS, REPORTS INDICATE CEMENT RETURNS TO SURFACE

8-5/8" X 4-1/2" CEMENTED WITH 280 SXS AND 930 SXS THRU DV TOOL. REPORTS INDICATE CEMENT RETURNS TO SURFACE

PROCEDURE

- 6.1 Mobilize P&A equipment to location. Establish injection into perforations. ND tree and NU BOPE. Pull rods and pump. Pick up on tubing and pull tubing anchor. TOH with tubing and anchor.
- 6.2 RIH and set CIBP at 3250'. Dump bail 35' of cement on CIBP.
Zone plug: ETOC = 3215' RKB
EBOC = 3250' RKB
- 6.2 TIH with tubing to 1035'. Mix and pump 2.0 bbls (11 sxs Class "H" 1.08 ft³/sx) 16.4 ppg cement. Displace TOH to 900' and circulate out. WOC as per cement recommendation. TOH with tubing.
100' Shoe plug: ETOC = 910'
EBOC = 1035'
- 6.3 Mix and pump 1.0 bbl (6 sxs Class "H" 1.08 ft³/sx) 16.4 ppg cement and spot. TOH to 5' and circulate out. WOC.
50' Surface plug: ETOC = 5'
EBOC = 55'
- 6.6 Cut and cap well 4' below ground level.



United States Department of the Interior

Bureau of Land Management

New Mexico State Office
1474 Rodeo Road
P.O. Box 27115
Santa Fe, New Mexico 87502-0115
www.nm.blm.gov

IN REPLY REFER TO:
02-DW-007C

June 20, 2002

CERTIFIED - RETURN RECEIPT REQUESTED
7001 1940 0004 7919 6659

SWR Operating Company
Attention: Mr. Charles Langston
2100 McKinney Ave., Ste 1440
Dallas, TX 75201

Dear Mr. Langston:

This correspondence is to inform you of the current status of our enforcement action concerning your Keohane C Lease # NMNM 12212.

On November 9, 2001, Ms. Mary Guerin representing SWR Operating Company received and signed for a certified letter with return receipt number #7000-1670-0001-5800-7707. In that correspondence explanation of proposed corrective action and civil penalties was explained in accordance with 43 CFR 3163.2. Due to your failure to respond to the directives specified in the certified letter, civil penalties are now imposed.

Abatement time frames for correcting the violations have been exhausted, and now we must defer to the facts. Please consider the following chronological events:

- On June 4, 2001, a written order was issued to SWR Operating Company with directive to return the Keohane C Well to production or plug and abandon the Well. An abatement period for 30 days (July 4, 2001) was specified for your company to come into compliance.
- On September 6, 2001, an Incidence of Non-Compliance notice (01-DW-072) was issued to SWR Operating Company for failure to comply with the written order. Information concerning assessments if Non-Compliance continued was included in the notice. An abatement period of 24 days (September 30, 2001) was specified for your company to come into compliance.

- On October 2, 2001, a second Incident of Non-Compliance notice (01-DW-005A) was issued to SRW Operating Company for failure to comply with the Incidence of Non-Compliance written on September 6, 2001. An assessment for a minor violation was issued for \$250.00. Information concerning Civil Penalties if Non-Compliance continued was included in the notice. An abatement period of 30 days (October 30, 2001) was specified for your company to come into compliance. The initial proposed penalty for this violation is \$50/day beginning with the date of the second notice.
- Because the Non-Compliance was not corrected within 40 days of the second abatement date, the rate was elevated to \$500/day, dating back to the first Incident of Non-Compliance abatement date. (September 30, 2001)

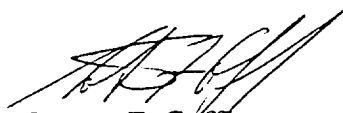
Because of non-response from SWR Operating Company within the appropriate abatement time frames, and the continuance of Non-Compliance, the full amount of the civil penalties accrued to date are:

- 60 days X \$500.00 per days = \$300,000.00
- \$250.00 original assessment = \$ 250.00
- Total due and payable = \$300,250.00

Please review the attached bill #A443268 for complete record of assessment.

Any adversely affected party may request an administrative review by the State Director. Such request, including all supporting documentation shall be filed with the State Director within 20 business days of the reception of the assessment. (CFR 3165.3 (b))

Sincerely,



Carsten F. Goff
Deputy State Director
Resource Planning, Use,
and Protection

1 Enclosure

cc:

NM (910, R. Whitley)
NM (930, G. Johnson)
NM (930, F. Oneyear)
NM (930, T. Ferrero)
NM (930, S. Wells)
NM (955, R. Sandoval)

McBride Oil & Gas Corporation
P.O. Box 1515
Roswell, NM 88202

Ocean Energy Inc.
1001 Fannin St. Suite 1600
Houston, TX 77002

Energen Resources Corporation
605 Richard Arrington Jr. Blvd.
Birmingham, AL 35203-2707

Fidelity Oil Holdings Inc.
918 E. Divide #200
Bismark, NM 58501

Occidental Permian LTD
580 Westlake PK Blvd.
Houston, TX 77079

Paul Slayton
P.O. Box 2035
Roswell, NM 88202

18-31 INC
Box 1120
Roswell, NM 88201

Granberry Walter
1923 33rd St.
Lubbock, TX 79411

Harold Kersey
Box 316
Artesia, NM 88210

Leland & Virginia Wittkopp
102 Denvon
Ruidoso, NM 88345

Pitch Energy Corporation
P.O. Box 304
Artesia, NM 88211-0304

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bill Number **A443268**

Date
June 7, 2002

BILL FOR COLLECTION

Make Remittance Payable To: Bureau of Land Management
PO Box 27115
Santa Fe, NM 87502

Please detach top portion of this bill and return with remittance.

PAYER: SWR Operating Company
Attention: Mr. Charles Langston
2100 McKinney Ave., Ste 1440
Dallas, TX 75201

Amount of Payment \$ _____

| DATE | DESCRIPTION | AMOUNT | |
|--|---|--------|---|
| 6/7/2002 | <p>The accumulated civil penalties to date under 43 CFR 3163.2 (a) (b) are as defined below on your Keohane C lease #NNM 12212.</p> <p>On October 2, 2001 an assessment for minor violation was issued for \$250.00. An abatement period of 30 days was specified for your company to come into compliance, which it failed to do.</p> <p>The initial proposed penalty for this violation was \$50/day beginning with the date of the second notice. Because the non-compliance was not corrected within 40 days of the second abatement date, the rate was elevated to \$500/day, dating back to the first Incident of Non-compliance abatement date.</p> <p>The full amount of the civil penalties accrued to date are:</p> <p style="margin-left: 40px;">Original Assessment</p> <p style="margin-left: 40px;">60 days x \$500/day</p> | | <p style="text-align: right;">250 00</p> <p style="text-align: right;">300,000 00</p> |
| <p>INTEREST WILL BE ASSESSED AT THE RATE OF _____ % PER YEAR IF FULL PAYMENT IS NOT MADE WITHIN 30 DAYS OF THE DATE OF THIS BILL. 5</p> <p>SEE NOTICE OF ACTIONS IN EVENT OF DELINQUENCY ON REVERSE.</p> | | | |
| AMOUNT DUE THIS BILL | | \$ | 300,250 00 |

NOTE: A receipt will be issued for all cash remittances and for all other remittances when required by applicable procedures. Failure to receive a receipt for cash payment should be promptly reported to the bureau or office shown above.