



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

August 26, 2004

David Hammond

P.O. Box 1539

Artesia, NMM 88211

Attn: Mr. David Hammond:

**RE: Shut-In Order for David Hammond's Spurk F. State Well # 2, located in Unit M, 330' FSL & 983' FWL of Section 16 in Township 17 South, Range 28 East in Eddy County, New Mexico.  
API # 30-015-31831**

Dear Mr. Hammond,

During a field inspection by one of our deputy oil and gas inspectors, it has been discovered that the above captioned well is in violation of a number of New Mexico Oil Conservation Division Rules and Regulations. In review of the regulatory data submitted by yourself acting as the operator of said company, I find only one subsequent report submitted after the initial application to drill. As you should be aware as being an oil and gas operator in the State of New Mexico, the NMOCD has rules and regulations that the oil and gas industry is required to follow. Of what I have found so far in violations pertaining to the submittal of regulatory paperwork, said well is to be shut in immediately until the following requirements are satisfied. They include:

- A detailed history of drilling, casing, cementing, and completion operations, etc. This data shall be filled out on NMOCD Form C-103.
- A notarized well deviation report.
- Form C-105 well completion report.
- Form C-104 (Request for Allowable and Authorization to Transport)
- ALL electric logs ran a well.

As production equipment is located and seems to be operative on this well, has oil and/or gas been sold? I so, please provide the NMOCD an authorization issued from the NMOCD.

I have provided for you convenience from the NMOCD Rulebook the above violations that pertain to this matter. In addition, is our web site: <http://www.emnrd.state.nm.us/ocd>

19.15.3.111 DEVIATION  
TESTS AND DIRECTIONAL WELLS:

- (1) Deviation Tests Required. Any vertical or deviated well which is drilled or deepened shall be tested at reasonably frequent intervals to determine the deviation from the vertical. Such tests shall be made at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas.

19.15.13.1103      SUNDRY  
NOTICES AND REPORTS ON WELLS (Form  
C-103):

**B.** Form C-103 as a subsequent report

(1) Form C-103 as a subsequent report of operations shall be filed in accordance with the section of this rule applicable to the particular operation being reported.

(2) Form C-103 is to be used in reporting such completed operations as:

- (a) commencement of drilling operations;
- (b) casing and cement test;
- (c) altering a well's casing installation;
- (d) temporary abandonment;
- (e) plug and abandon;
- (f) plugging back or deepening;
- (g) remedial work;
- (h) installation of artificial lifting equipment;
- (i) change of operator of a drilling well;
- (j) such other operations which affect the original status of the well but which are not specifically

covered herein.

**C.** Information to be entered on form C-103, subsequent report, for a particular operation is as follows: Report of commencement of drilling operations. Within ten days following the commencement of drilling operations, the operator of the well shall file a report thereof on form C-103 in triplicate. Such report shall indicate the hour and the date the well was spudded.

**D.** Report of results of test of casing and cement job; report of casing alteration: A report of casing and cement test shall be filed by the operator of the well within ten days following the setting of each string of casing or liner. Said report shall be filed in triplicate on form C-103 and shall present a detailed description of the test method employed and the results obtained by such test and any other pertinent information required by 19.15.1.107 NMAC. The report shall also indicate the top of the cement and the means by which such top was determined. It shall also indicate any changes from the casing program previously authorized for the well.

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.

**B.** The allowable assigned to an oil well shall be effective at 7:00 o'clock a.m. on the date of completion, provided the form C-104 is received by the division during the month of completion. Date of completion shall be that date when new oil is delivered into the stock tanks. Unless otherwise specified by special pool rules, the allowable assigned to a gas well shall be effective at 7:00 o'clock a.m. on the date of connection to a gas transportation facility, as evidenced by an affidavit of connection from the transporter to the division, or the date of receipt of form C-104 by the division, whichever date is later.

**C.** No allowable will be assigned to any well until a standard unit for the pool in which the well is completed has been dedicated by the operator, or a non-standard unit has been approved by the division, or a standard unit has been communitized or pooled and dedicated to the well.

**D.** No allowable will be assigned to any well until all forms and reports due have been received by the division and the well is otherwise in full compliance with these rules.

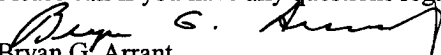
**E.** Form C-104 with sections I, II, III and VI, completely filled out shall be filed in quintuplicate by the operator of the well in the event there is a change of operator of any producing well, injection well or disposal well, a change in pool designation, lease name or well number, or any other pertinent change in condition of any such well. When filing form C-104 for change of operator, the new operator shall file the form in the above manner, and shall give the name and address of the previous as well as the present operator. The form C-104 will not be approved by the division unless the new operator has an approved bond in compliance with 19.15.3.101 NMAC.

[1-1-65...2-1-96; A, 7-31-97; 19.15.13.1104 NMAC - Rn, 19 NMAC 15.M.1104, 06/30/04]

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.

Please call if you have any questions regarding this matter,

  
Bryan G. Arrant  
PES

Cc: Tim Gum- District Supervisor, Artesia  
Well File