



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

6/29/2005

BY Fax# 214-739-3023

6/29/2005

Clay Spence
4925 Greenville Ave. Ste. 605
Dallas, Texas 75206

Ref: Kellahin State 14-2 (API# 30-025-29969)

Dear Mr. Spence:

Per my conversation with Vernon Spence 6/29/2005, the information needed is an estimated date of plugging from the plugging company. A notation requesting the hearing be continued until plugging operations are completed. Plugging should be completed by the date when the plugging company will move to the well and complete operations, but no longer than 90 days from 7/5/2005. I will need this date before I request a continuance of the hearing.

As a alternative to plugging, the well can be temporarily abandoned (TA) (rule 203) by setting a cast iron bridge plug at 4100' and pressure testing the casing to 500 psi for 30 minutes with less than a 10% pressure drop over the time interval. The well can stay in TA status for five years after passing the test. The third option is to return the well to production.

As for as the plugging procedure sent, the following is what we will require:

CIBP at 4100' -- 35' cement on top (tag)
2200' perf and squeeze 50' in 50' out cement (Top of Yates and bottom salt plug) (tag)
1690 perf and squeeze 50' in 50' out cement (Bottom of 8-5/8 surface casing)(tag)
300-400' 25sxs cement or 100' whichever is greater
10 sxs cement or 60' surface plug whichever is greater

Chris Williams
NMOCD District1 Supervisor

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

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

WELL API NO. 30-025-29969	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. L.G. 1041	
7. Lease Name or Unit Agreement Name Kellahin State	
8. Well No. 14-2	
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 <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	
2. Name of Operator Spence Energy Co.	
3. Address of Operator 4925 Greenville Ave Ste#605 Dallas, TX. 75206	
4. Well Location Unit Letter <u>P</u> : <u>330</u> Feet From The <u>South</u> Line and <u>700</u> Feet From The <u>East</u> Line Section <u>14</u> Township <u>9S</u> Range <u>32E</u> NMPM Lea 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.

Fill hole w/ Mud
 CIBP @ 4,100'
 25 SXS @ 1632-1732'
 25 SXS @ 300-400'
 25 SXS @ 60'
 5 SXS @ surface

*Top
 notes - 2279*

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

SIGNATURE

Clay Spence
 Clay Spence

TITLE

V.P.D.

DATE

6-28-05

TYPE OR PRINT NAME

TELEPHONE NO.

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

PLUGGING & ABANDONMENT WORKSHEET (1 STRING CSNG)

OPERATOR SPENCE ENERGY COMPANY

LEASENAME KELLAHIN STATE 14-2

WELL # 2

SECT 14 TWN 95 RNG 32E
FROM 330 N/S L 700 E/W L
TD: 8930 FORMATION @ TD ABO
PBTD: 8920 FORMATION @ PBTD ABO

8 5/8
@ 1690
TOC SURFACE

~~4212~~ 4241-45.
4213

D.V. Tool @ 4500
1st @ 2/3504/10
2nd " 2/1254/10

QIBP 8400

= Page 8866-89

TD 8930

	SIZE	SET @	TOC	TOC DETERMINED BY	
SURFACE	8 5/8	1690	SURFACE	CIRCULATED	
INTMED 1					
INTMED 2					
PROD	5 1/2	8930	3000'	BOND LOG	
	SIZE	TOP	BOT	TOC	DETERMINED BY
LINER 1					
LINER 2					
	CUT & PULL @			TOP - BOTTOM	
INTMED 1			FEELERS	4212-32&4241-45	
INTMED 2			OPENHOLE	-	
PROD					

*** REQUIRED PLUGS DISTRICT 1**

ROSLER (AMHYD)	
YATES	
QUEEN	
GRAYBURG	
HAN ANDRES	
CAPTAIN REEF	
DELAWARE	
BELL CANTON	
CHEERY CANTON	
BELREY CANTON	
BONE SPRING	
GLORIETA	
BLINNEY	
TUBB	
DRINKARD	
ASO	
WC	
PENH	
STRAWN	
ATOECA	
MORROW	
MISE	
DEVONIAN	

[illegible]