

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



May 16, 2011

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

DENIAL OF REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

Re: Kaiser-Francis Oil Company, OGRID #12361

- Bell Lake Unit #26, I-06-T24S-R34E, 1650' FSL & 660' FEL, Lea County, New Mexico

Dear Operator:

The Oil Conservation Division (OCD) **denies** your request for allowable and authorization to transport for the wells identified above because your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)]. See 19.15.16.19(A)(4) NMAC.

Your company is out of compliance with Part 5.9(A) on the following ground(s):

_____ **Financial assurances.** Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. See 19.15.5.9(A)(1) NMAC. Specifically, your company [has not posted the required blanket financial assurance] [has not posted the single-well financial assurances required for state or fee wells which have been inactive for more than two years. The wells requiring single-well financial assurances are identified in the attached sheet.]

_____ **Corrective action.** Order _____, issued on _____ after notice and hearing, found your company to be in violation of an order requiring corrective action. See 19.15.5.9(A)(2) NMAC.

_____ **Unpaid penalties.** Your company has not paid the penalties assessed against your company in _____, issued on _____. More than 70 days have passed since the issuance of the order assessing the penalty. See 19.15.5.9(A)(3) NMAC.

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>



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XXXX Inactive wells. According to the attached inactive well list, your company has too many wells in violation of the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order. See 19.15.5.9(A)(4) NMAC. As an operator of 54 wells, your company may have no more than 2 wells in violation of the inactive well rule. Your company has 3 wells in violation of the inactive well rule. In addition,

I have enclosed an information sheet explaining the requirements of Part 5.9. You may re-submit your request after your company has returned to compliance with Part 5.9.

Respectfully yours,



Daniel Sanchez
OCD Compliance and Enforcement Manager

Ec: Jami Bailey, OCD Director
Larry "Buddy" Hill, OCD District 1 Supervisor
Randy Dade, OCD District 2 Supervisor
Charlie Perrin, OCD District 3 Supervisor
Ed Martin, OCD District 4 Supervisor
Cindy Herrera, Geological Petroleum Technician
Theresa Duran-Saenz, Legal Assistant, Santa Fe
Sonny Swazo, OCD Assistant General Counsel-Santa Fe

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., 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-103
May 27, 2004

HOBBS OGD

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

MAY 09 2011

WELL API NO.	025-38564
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No.	E-5829
7. Lease Name or Unit Agreement Name	Bell Lake Unit
8. Well Number	26
9. OGRID Number	012361
10. Pool name or Wildcat	Bell Lake South, Morrow
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	3600 GR
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____	
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSED 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
Kaiser-Francis Oil Company

3. Address of Operator
P. O. Box 21468, Tulsa, OK 74121-1468

4. Well Location
Unit Letter I: 1650 feet from the South line and 660 feet from the East line
Section 6 Township 24S Range 34E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3600 GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. 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 type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Added perms to existing Morrow <input checked="" type="checkbox"/>	

13. 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 recompletion. Workover began 2/15/11 Workover completed 2/25/11

1. MIRU WSU. POOH w/tbg.
2. Tagged sand plug @ 13324'. Dumped 10' cmt on top. PBTD 13314'.
3. Perf'd 4 sqz holes @ 13155'. RIH w/cmt retainer & set @ 13055'. Sqz'd w/150 sxs cmt.
4. Flushed w/50 bbls FSW. Stung out of cmt ret. & circ'd hole clean.
5. Tested to 3000# - okay.
6. RU Weatherford. Ran GR/CCL/BL from 12694'-13287'. TOC @ 13100'.
7. Perf'd 1st Morrow @ 13188' - 13260' (200 holes) 2/25/11.
8. POL 2/26/11. Tested 3/2/11 2652 mcf 1 BO 18 BW 2000# FCP.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Charlotte Van Valkenburg TITLE Technical Coordinator DATE 5/5/11

Type or print name Charlotte Van Valkenburg E-mail address: Charlotv@kfoc.net Telephone No. 918-491-4314
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505		HOBBS OGD State of New Mexico Energy, Minerals and Natural Resources MAY 09 2011 Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 RECEIVED		Form C-105 Revised June 10, 2003	
				WELL API NO. 025-38564	
				5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
				State Oil & Gas Lease No. E-5829	
WELL COMPLETION OR RECOMPLETION REPORT AND LOG					
1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____ b. Type of Completion: NEW <input type="checkbox"/> WORK <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER				7. Lease Name or Unit Agreement Name Bell Lake Unit	
2. Name of Operator Kaiser-Francis Oil Company				8. Well No. 26	
3. Address of Operator P. O. Box 21468, Tulsa, OK 74121-1468				9. Pool name or Wildcat Bell Lake South, Morrow	
4. Well Location Unit Letter I 1650 Feet From The South Line and 660 Feet From The East Line Section 6 Township 24S Range 34E NMPM Lea County					
10. Date Spudded 10/21/07	11. Date T.D. Reached 2/5/08	12. Date Compl. (Ready to Prod.) 2/25/11	13. Elevations (DF& RKB, RT, GR, etc.) 3600 GR	14. Elev. Casinghead -	
15. Total Depth 13625	16. Plug Back T.D. 13314	17. If Multiple Compl. How Many Zones? -	18. Intervals Drilled By x	19. Producing Interval(s), of this completion - Top, Bottom, Name 13188' - 13260' Morrow	
21. Type Electric and Other Logs Run GR/CCL/BL			22. Was Directional Survey Made No		
23. CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
16	84	794	20	970 sxs	-0-
10 3/4	51	5050	14 3/4	2190 sxs	-0-
7 5/8	39	11920	9 1/2	715 sxs	-0-
DV Tool		8020		715 sxs	-0-
5	23.2	13547	6 1/8	215 sxs	-0-
24. LINER RECORD			25. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE
3 1/2	13527	13620	-0-	-	None
26. Perforation record (interval, size, and number) 13188' - 13260' (200 holes)			27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED 13580-13620 Filled liner w/sand to 13324' & dumped 10' cmt on top to 13314'. 13155 Sqz'd w/150 sxs cmt.		
PRODUCTION					
Date First Production 2/26/11		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing		Well Status (Prod. or Shut-in) Producing	
Date of Test 3/2/11	Hours Tested 24	Choke Size 12/64	Prod'n For Test Period	Oil - Bbl 1	Gas - MCF 2652
Flow Tubing Press. -	Casing Pressure 2000	Calculated 24-Hour Rate	Oil - Bbl 1	Gas - MCF 2652	Water - Bbl. 18
			Oil Gravity - API - (Corr.) 50.		
29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold					Test Witnessed By -
30. List Attachments C-103, C-104					
31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief					
Signature <i>C. Van Valkenburg</i>		Printed Name Charlotte Van Valkenburg		Title Technical Coordinator	
E-mail Address Charlotv@kfoc.net		Date 5/5/11			

District I
1625 N. French Dr., Hobbs, NM 88240
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State of New Mexico
Energy, Minerals & Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit one copy to appropriate District Office

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Kaiser-Francis Oil Company P. O. Box 21468 Tulsa, OK 74121-1468		² OGRID Number 012361
		³ Reason for Filing Code/ Effective Date Added perms to existing Morrow
⁴ API Number 30 - 025-38564	⁵ Pool Name Bell Lake South, Morrow	⁶ Pool Code 71760
⁷ Property Code 005437	⁸ Property Name Bell Lake Unit	⁹ Well Number 26

II. ¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
I	6	24S	34E	-	1650	South	660	East	Lea

¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Lse Code S	¹³ Producing Method Code F	¹⁴ Gas Connection Date 2/26/11	¹⁵ C-129 Permit Number -	¹⁶ C-129 Effective Date -	¹⁷ C-129 Expiration Date -				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ O/G/W
015629	Natural Gas Pipeline P. O. Box 281304 Lakewood, CO 80228-8304	G
005108	Teppco Crude Oil 210 Park Ave., Suite 1600 Oklahoma City, OK 73102	O

IV. Well Completion Data

²¹ Spud Date	²² Ready Date	²³ TD	²⁴ PBTB	²⁵ Perforations	²⁶ DHC, MC
10/21/07	2/25/11	13625	13314	13188 - 13260	-
²⁷ Hole Size	²⁸ Casing & Tubing Size	²⁹ Depth Set	³⁰ Sacks Cement		
20	16	794	970		
14 3/4	10 3/4	5050	2190		
9 1/2 DV Tool	7 5/8	11920 8020	715 715		
6 1/8	5	13547	215		

V. Well Test Data

V. Well Test Data					
³¹ Date New Oil	³² Gas Delivery Date	³³ Test Date	³⁴ Test Length	³⁵ Tbg. Pressure	³⁶ Csg. Pressure
2/26/11	2/26/11	3/2/11	24 hrs.	—	2000
³⁷ Choke Size	³⁸ Oil	³⁹ Water	⁴⁰ Gas		⁴¹ Test Method
12/64	1	18	2652		Flowing

⁴² I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief

Signature: *Charlotte Van Valkenburg*
Printed name: Charlotte Van Valkenburg
Title: Technical Coordinator
E-mail Address: Charlotv@kfoc.net
Date: 5/5/11
Phone: 918-491-4314

OIL CONSERVATION DIVISION

C-104 DENIED by Oil Conservation Division
On 05-16-11 see attached letter
C-104 reviewed by COH KZ
For more information on this matter, please call
Donna Mull @ (575) 393-6161 ext 115 or
Email donna.mull@state.nm.us

Denied because of too many Inactive Wells
for this company. See Rule 19.15.5.9(A)(4)