



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

BRUCE KING  
GOVERNOR

May 21, 1991

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

Mr. Bob Stovall  
Oil Conservation Division  
Box 2088  
Santa Fe, NM 87504-2088

Re: CHI OPERATING INC.  
N.M. Cap #1-F Sec. 19, T15S, R31E - Chaves County  
Cooper #1-B Sec. 3, T20S, R37E - Lea County  
McKamey Federal #1-F Sec. 26, T15S, R30E - Chaves County

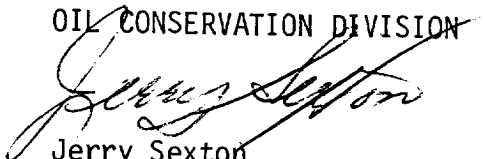
Dear Bob:

Attached is a copy of my letter to CHI Operating Inc. dated April 9, 1991, requesting a number of violations be corrected within 30 days. As of this date we have had no response from Chi Operating.

Therefore, I recommend they be fined a \$1000 a day for each violation commencing May 9, 1991, (30 days from date of my letter).

Very truly yours,

OIL CONSERVATION DIVISION

  
Jerry Sexton  
Supervisor, District I

ed

cc: Chi Operating Inc.  
Attn: David Harrison  
P.O. Box 1799  
Midland, TX 79702

William J. LeMay  
Division Director



STATE OF NEW MEXICO  
 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
 HOBBS DISTRICT OFFICE

April 9, 1991

BRUCE KING  
 GOVERNOR

POST OFFICE BOX 1980  
 HOBBS, NEW MEXICO 88241-1980  
 (505) 393-6161

Chi Operating Inc.  
 P.O. Box 1799  
 Midland, TX 79702

Attn: David Harrison

RE: N.M. Cap #1-F Sec. 19, T15S, R31E - Chaves County  
 Cooper #1-B Sec. 3, T20S, R37E - Lea County  
 McKamey Federal #1-F Sec. 26, T15S, R30E - Chaves County

Gentlemen:

This letter is our second request for completion data and logs for the N.M. Cap #1 and the Cooper #1 wells. Our recent field inspection of these locations indicates the wells are plugged but you have not complied with our rules and regulations concerning the filing of required forms. Also, the dry hole markers and locations have not been properly prepared. Listed below you will find what needs to be done to bring each well into compliance.

N.M. Cap #1-F Sec. 19, T15S, R31E

- Recd - 1) Form C-103 (subsequent report of actual plugging operations) (Rule 1103 & 202)
- Recd - 2) Form C-105 (Well Completion Report - this report is required on all wells drilled whether well is productive or dry.) (Rule 1105)
- Recd - 3) One set of all logs run on well (Rule 117)
- 4) Dry hole marker must be installed on plugged well -- marker must include company name, lease name, well number and Unit letter, Sec. Twp, Rge.
- 5) Tubing and casing left on location must be removed.

Cooper #1-B Sec. 3, T20S, R37E

- Recd - 1) Form C-103 (subsequent report of actual plugging operations) (Rule 1103 & 202)
- Recd - 2) Form C-105 (Well Completion Report - required on all wells) (Rule 1105)
- Recd - 3) Notarized list of deviation surveys
- Recd - 4) One set of all logs run on well (Rule 117)
- 5) Regulation dry hole marker must be installed -- the marker on hole is not regulation and does not have any well identification on it.

*Recd*

(McKamey Federal #1-F Sec. 26, T15S, R30E is a "federal" well but we have been unable to obtain a well completion report or deviation survey from the BLM. They advise you have not filed this information with them. We also require one set of logs on federal wells and these have not been received by this office.

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Chi Operating Inc.  
April 9, 1991

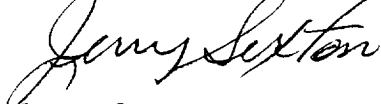
Since these reports and proper abandonment for these wells are very delinquent and we have requested this information previously unless you have filed these reports and brought the locations into compliance within 30 days this matter will be turned over to our attorney for action.

Your failure to meet this deadline could result in a significant fine and a call upon your plugging bond to bring these plugged wells into compliance.

We trust in view of the above, you will act upon this request immediately.

Very truly yours,

OIL CONSERVATION DIVISION



Jerry Sexton  
Supervisor, District I

JS/ed

cc: Robert G. Stovall  
General Counsel  
Oil Conservation Division  
Box 2088  
Santa Fe, NM 87504-2088