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March 27, 1996

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Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Attention: Morris Bell
Manager of Engineering

Re: Rule 324-b Mechanical Integrity Test of Shut-In Wells

Gentlemen:

Berenergy Corporation recently received the approved copies of Form 4 on 14 wells which are presently shut-in. The approval stipulated that these wells must comply with Rule 324-b by running and submitting a Mechanical Integrity Test within six months of approval, otherwise the wells must be abandoned. The subject Rule requires that the Mechanical Integrity Test be accomplished by pressure testing the casing to at least 300 psi surface pressure or any equivalent test or combination of tests approved by the Director.

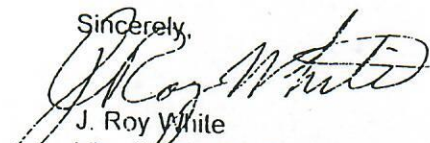
Berenergy has estimated that the cost to pressure test the casing in the shut-in wells to be approximately \$3,500.00/well. For the 14 wells recently approved, this would require a total expenditure of \$49,000.00. This is a very large expenditure on these wells which are being retained for possible use in the future as a produced water disposal well or a well which may be of value in a potential secondary recovery operation.

In the State of Nebraska, the Oil and Gas Conservation Commission also requires testing of shut-in wells; however, the testing may be accomplished by the use of fluid level determinations in these wells. If the fluid levels are found to be significantly below any potential fresh surface waters, the Commission will approve the continued shut-in status on the premise that the surface waters are not in any danger of being polluted. In wells which have existing tubing, Berenergy has its own fluid level machine and these determinations can be made at a very minimal cost. If no tubing is present, a contractor with a wireline truck can do a fluid level determination at a cost of approximately \$250.00 per well.

Based on the above, Berenergy respectfully requests that the Director approve an alternate method of determining a shut-in well's potential for polluting surface fresh waters by using the fluid level method as presently utilized in the State of Nebraska and outlined above. This will result in significant savings by eliminating the costly pressure testing of the casing in shut-in wells and perhaps even eliminate the premature abandonment of such wells which may have beneficial use in the future.

Your earliest attention to this request will be sincerely appreciated.

Sincerely,


J. Roy White
Vice President, Production

JRW:ppq